



SINOPIPE HOLDINGS LIMITED

(Company Registration Number: 200411382N)

First Quarter Financial Statements and Dividend Announcement for the Period Ended 31 March 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		%
	31.03.2014	31.03.2013	Change
	RMB'000	RMB'000	+ / (-)
Revenue	149,869	142,855	4.9
Cost of sales	(133,904)	(122,556)	9.3
Gross profit	<u>15,965</u>	<u>20,299</u>	(21.4)
Other income	4,576	3,342	36.9
Selling and distribution expenses	(10,012)	(11,567)	(13.4)
Administrative expenses	(15,962)	(17,318)	(7.8)
Other expenses	(441)	(783)	(43.7)
Finance costs	(23,412)	(18,191)	28.7
Share of results of associates	(337)	(92)	266.3
Loss before income tax	<u>(29,623)</u>	<u>(24,310)</u>	21.9
Income tax expense	(376)	72	(622.2)
Loss for the period, representing total comprehensive loss	<u>(29,999)</u>	<u>(24,238)</u>	23.8
Loss, representing total comprehensive loss attributable to:			
Owners of the Company	(29,141)	(23,955)	21.6
Non-controlling interests	(858)	(283)	203.2
	<u>(29,999)</u>	<u>(24,238)</u>	23.8

Group
3 months ended
31.03.2014 31.03.2013
RMB'000 RMB'000

Amortisation of deferred capital grant	(118)	(84)
Amortisation of deferred income relating to term loan from an external party	-	-
Amortisation of land use rights	425	683
Depreciation of property, plant and equipment	8,176	9,148
Foreign exchange loss / (gain), net	395	(12)
Loss / (Gain) on disposal of property, plant and equipment	44	(4)
Government grants and subsidies	(110)	(1,073)
(Reversal of) / Provision of impairment loss on trade receivables	(138)	42
Interest expense		
- Loans and borrowings	23,412	18,191
Interest income		
- Bank deposits	(812)	(645)
(Reversal) / Write-down on inventories	(648)	225
Operating lease expenses	835	1,030
Staff costs *		
- Wages, salaries and bonuses	15,213	17,301
- Pension costs	2,688	2,384
- Other staff costs	1,140	1,513

* 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	
	31.03.2014	31.12.2013	31.03.2014	31.12.2013
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Land use rights	72,817	73,242	-	-
Property, plant and equipment	312,858	317,470	42	44
Goodwill	3,944	3,944	-	-
Investment in subsidiaries	-	-	188,694	188,694
Investment in associates	13,453	13,790	14,000	14,000
Deferred tax assets	616	616	-	-
	<u>403,688</u>	<u>409,062</u>	<u>202,736</u>	<u>202,738</u>
Current assets				
Inventories	113,344	109,424	-	-
Held-for-trading investments	500	500	-	-
Trade and other receivables	391,410	323,392	19,700	19,612
Prepayments	33,970	24,237	-	87
Cash and bank balances	230,963	260,229	577	153
	<u>770,187</u>	<u>717,782</u>	<u>20,277</u>	<u>19,852</u>
	<u>1,173,875</u>	<u>1,126,844</u>	<u>223,013</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	(554,735)	(525,594)	(252,967)	(251,156)
Equity attributable to owners of the Company	<u>(253,398)</u>	<u>(224,257)</u>	<u>65,693</u>	<u>67,504</u>
Non-controlling interests	10,196	11,054	-	-
(Capital deficiency) / Total equity	<u>(243,202)</u>	<u>(213,203)</u>	<u>65,693</u>	<u>67,504</u>
Non-current liabilities				
Borrowings	111,093	114,495	-	33,403
Deferred capital grant	11,550	11,668	-	-
Deferred tax liabilities	7,599	7,722	124	220
	<u>130,242</u>	<u>133,885</u>	<u>124</u>	<u>33,623</u>
Current liabilities				
Trade and other payables	755,968	675,954	123,230	121,463
Borrowings	526,541	525,862	33,966	-
Deferred capital grants	419	419	-	-
Current tax payable	3,907	3,927	-	-
	<u>1,286,835</u>	<u>1,206,162</u>	<u>157,196</u>	<u>121,463</u>
Total liabilities	<u>1,417,077</u>	<u>1,340,047</u>	<u>157,320</u>	<u>155,086</u>
Total equity and liabilities	<u>1,173,875</u>	<u>1,126,844</u>	<u>223,013</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 31.03.2014		Group As at 31.12.2013	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
381,371	145,170	444,801	81,061

Amount repayable after one year

Group As at 31.03.2014		Group As at 31.12.2013	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
111,093	-	81,092	33,403

Details of any collaterals

Loans from third parties

The loans from third parties include RMB 3,860,000 granted by Fuqing Municipal Financial Bureau to a PRC subsidiary, Fujian Aton Advanced Materials Science and Technology Co., Ltd. for the purchase of raw materials for its projects. The loan is secured by the land use rights of a related party, Fuqing Aton Innovation Building Materials Co., Ltd. Under the terms of the loan agreement, the loan is interest-free and is repayable over a period of 11 years commencing on 30 July 2006 in ten equal instalments of RMB 350,000 each and a final instalment of RMB 360,000. As at 31 December 2012, six scheduled payments totalling RMB 2,100,000 and an additional payment of RMB 150,000 as requested by the Fuqing Municipal Financial Bureau had been made, with a default on the instalment of RMB 350,000 required to be made in 2012. As at 31 March 2014, the remaining loan outstanding was RMB 2,110,000.

Loans and borrowings

The bank loans are guaranteed or secured as follows:

- (a) RMB 105,000,000 (2013: RMB 114,000,000) is guaranteed by a PRC subsidiary, Fujian Aton Advanced Materials Science and Technology Co., Ltd. ("Fujian Atontech");
 - (b) RMB 138,370,000 (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 26,988,000 (2013: RMB 1,446,000) and RMB 69,439,000 (2013: RMB 20,050,000), respectively;
 - (c) RMB 148,578,000 (2013: RMB 224,578,000) is secured by land use rights and buildings with an aggregate carrying amount of RMB 38,605,000 (2013: RMB 56,907,000) and RMB 66,650,000 (2013: RMB 66,911,000), respectively;
 - (d) RMB 35,000,000 (2013: RMB 41,130,000) is secured by trade receivables with an aggregate carrying amount of RMB 44,055,000 (2013: RMB 37,968,000);
 - (e) RMB 40,000,000 (2013: RMB 55,000,000) is secured by plant and machinery with an aggregate carrying amount of RMB 9,309,000 (2013: RMB 8,728,000), and is also guaranteed by Fujian Atontech; and
- RMB 23,451,000 (2013: RMB 23,451,000) of the bank loans is unsecured.

The bank loans of RMB 490,399,000 (2013: RMB 523,829,000) bear effective interest rates ranging from 5.60% to 12.00% (2013: 5.85% to 7.28%) per annum and have remaining maturity of between 1 and 36 (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.

The carrying amount of the liability component of the convertible loans at the end of the financial year is arrived at as follows:

	<u>Group and Company</u>	
	<u>As at</u>	<u>As at</u>
	<u>31.03.2014</u>	<u>31.12.2013</u>
	<u>RMB'000</u>	<u>RMB'000</u>
Liability component		
- Balance at beginning of the period / year	28,292	28,292
Add: Accumulated amortisation of discount		
- Balance at beginning of the period / year	5,111	2,914
- Amortisation of discount during the period	563	2,197
	<u>5,674</u>	<u>5,111</u>
- Balance at end of the period / year	<u>5,674</u>	<u>5,111</u>
Carrying amount	<u>33,966</u>	<u>33,403</u>

The fair value of the liability component of the convertible loans at the issuance date is calculated using cash flows discounted based on the Group's incremental borrowing rate of 7.04% per annum.

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	
	31.03.2014	31.03.2013
	RMB'000	RMB'000
Operating activities		
Loss before income tax	(29,623)	(24,310)
Adjustments:		
Amortisation of deferred capital grant	(118)	(84)
Amortisation of land use rights	425	683
Depreciation of property, plant and equipment	8,176	9,148
(Reversal of) / Provision of impairment loss on doubtful trade receivables	(138)	42
Interest expense	23,412	18,191
Interest income	(812)	(645)
Gain on disposal of a subsidiary	-	(785)
Loss / (Gain) on disposal of property, plant and equipment	44	(4)
(Reversal) Write-down of inventories	(648)	225
Share of results of associates	337	92
Operating cash flows before movements in working capital	1,055	2,553
Movements in working capital:		
Inventories	(3,272)	(3,199)
Trade and other receivables	(67,880)	(50,568)
Prepayments	(9,733)	4,715
Trade and other payables	80,014	56,717
Cash generated from operations	184	10,218
Income taxes paid	(519)	(411)
Net cash (used in) generated from operating activities	(335)	9,807
Investing activities		
Acquisition of land use rights	-	(1,635)
Acquisition of property, plant and equipment	(3,612)	(1,191)
Proceeds from disposal of property, plant and equipment	4	-
Investment in held-for-trading investments	-	(200)
Interest received	812	645
Net cash outflow from disposal of a subsidiary	-	(619)
Net cash used in investing activities	(2,796)	(3,000)
Financing activities		
Interest paid	(22,849)	(17,665)
Proceeds from borrowings	172,703	126,499
Repayment of borrowings	(175,989)	(109,677)
Pledged bank balances	(20,030)	(7,138)
Net cash used in financing activities	(46,165)	(7,981)
Net decrease in cash and bank balances	(49,296)	(1,174)
Cash and bank balances at beginning of financial period	93,206	60,235
Cash and bank balances at end of financial period	43,910	59,061

Note to Consolidated Cash Flow Statement

(1) For the purpose of consolidated statement of cash flows, cash and bank balances comprises the following:

	Group	
	31.03.2014	31.03.2013
	RMB'000	RMB'000
Cash and bank balances	230,963	122,362
Less: Pledged bank balances *	(187,053)	(63,301)
	<u>43,910</u>	<u>59,061</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	<u>313,344</u>	<u>(12,007)</u>	<u>(554,735)</u>	<u>10,196</u>	<u>(243,202)</u>
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	<u>313,344</u>	<u>(12,007)</u>	<u>(386,880)</u>	<u>16,146</u>	<u>(69,397)</u>

COMPANY

	Share capital	Reserves	Accumulated profits / (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	<u>313,344</u>	<u>5,316</u>	<u>(252,967)</u>	<u>65,693</u>
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	<u>313,344</u>	<u>5,316</u>	<u>(20,916)</u>	<u>297,744</u>

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 31 March 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	
	31.03.2014	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.

Except for the adoption of the Amendments to FRSs applicable for the financial year beginning on or after 1 January 2014, the same accounting policies and methods of computation have been applied. 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.

The Group and the Company have adopted all the amendments to FRSs that are effective for annual periods beginning on or after 1 January 2014. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

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	
	3 months ended	
	31.03.2014	31.03.2013
Loss per ordinary share for the period:		
	RMB'000	RMB'000
Loss attributable to shareholders (basic)	(29,141)	(23,955)
Add: Amortisation of discount on convertible loans	<u>563</u>	<u>526</u>
Loss attributable to shareholders (diluted)	<u>(28,578)</u>	<u>(23,429)</u>
	'000	'000
Weighted average number of ordinary shares (basic)		
Issued ordinary shares at beginning of period	287,595	287,595
Effect of placement shares issued	-	-
Effect of conversion shares issued	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares (basic)	<u>287,595</u>	<u>287,595</u>
	'000	'000
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares (basic)	287,595	287,595
Effect of dilution from convertible loans	<u>32,500</u>	<u>32,500</u>
Weighted average number of ordinary shares (diluted)	<u>320,095</u>	<u>320,095</u>
	RMB cents	RMB cents
(a) Basic Loss per Share	(10.13)	(8.33)
(b) Diluted Loss per Share	(8.93)	(7.32)

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	
	31.03.2014	31.12.2013	31.03.2014	31.12.2013
Net asset value per ordinary share (RMB cents)	(84.56)	(74.13)	22.84	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 March 2014 and 31 December 2013.

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

1Q 2014 vs 1Q 2013

Revenue

The breakdown of our revenue is as follows:

	3 months ended		Increase /	Increase /
	31.03.2014	31.03.2013	(Decrease)	(Decrease)
	RMB'000	RMB'000	RMB'000	%
Plastic pipe				
- Water supply	88,320	72,364	15,956	22.0
- Drainage and sewerage	38,859	47,178	(8,319)	(17.6)
- Telecommunication and electrical	16,071	16,693	(622)	(3.7)
- Water-saving irrigation	3,548	4,773	(1,225)	(25.7)
- Fuel gas	3,071	1,847	1,224	66.3
	<u>149,869</u>	<u>142,855</u>	<u>9,014</u>	<u>4.9</u>

Revenue increased by RMB 7.0 million or 4.9% from RMB 142.9 million in 1Q2013 to RMB 149.9 million in 1Q2014. The increase was due to higher sales from the water supply and fuel gas segments partially offset by lower sales from the drainage and sewerage, telecommunication and electrical and water-saving irrigation segments.

Gross profit and gross profit margin

Gross profit decreased by RMB 4.3 million or 21.4% mainly due to lower gross profit margins caused by higher materials costs than the corresponding period.

Other income

Other income increased by RMB 1.2 million or 36.9% from RMB 3.3 million in 1Q2013 to RMB 4.6 million in 1Q2014 mainly due to recovery of RMB 3.0 million bad debts on other receivables partially offset by lower government grants and subsidies by RMB 963,000 as well as by the gain on disposal of a subsidiary of RMB 785,000 made in 1Q2013.

Selling and distribution expenses

Selling and distribution expenses decreased by RMB 1.6 million or 13.4% from RMB 11.6 million in 1Q2013 to RMB 10.0 million in 1Q2014. The decrease was mainly due to lower entertainment expenses by RMB 442,000, advertising and sales promotion expenses by RMB 270,000, sales commission expenses by RMB 152,000 and general sales related expenses by RMB 258,000.

Administrative expenses

Administrative expenses decreased by RMB 1.4 million or 7.8% from RMB 17.3 million in 1Q2013 to RMB 16.0 million in 1Q2014. The decrease was mainly due to lower staff salaries and salaries related expenses by RMB 561,000, transport expenses by RMB 261,000, repairs and maintenance expenses by RMB 253,000, professional services fees by RMB 251,000 and directors' fees by RMB 132,000.

Other expenses

Other expenses reduced by RMB 342,000 or 43.7% from RMB 783,000 in 1Q2013 to RMB 441,000 in 1Q2014 mainly due to lower write-down on inventories by RMB 225,000 and loss on disposal of property, plant and equipment by RMB 111,000.

Finance costs

Finance cost increased by RMB 5.2 million or 28.7% from RMB 18.2 million in 1Q2013 to RMB 23.4 million in 1Q2014 mainly due to higher interest rates charged on loans and borrowings.

Share of results of associates

Share of losses of associates increased by RMB 245,000 from RMB 92,000 in 1Q2013 to RMB 337,000 in 1Q2014 mainly because of higher operating losses incurred by an associate, Yunnan Aton High Molecular Materials Technology Co., Ltd.

Income tax expense

Income tax expense provided in 1Q2014 was RMB 472,000 (1Q2013: RMB 17,000) partially offset by deferred tax credit recognised on the amortisation of discount on the convertible loan of RMB 96,000 (1Q2013: RMB 89,000).

Loss for the period

As a result of the above, loss for the period increased by RMB 5.8 million or 23.8% from RMB 24.2 million in 1Q2013 to RMB 30.0 million in 1Q2014.

Financial position

Non-current assets

As at 31 March 2014, non-current assets amounted to RMB 403.7 million, a decrease of RMB 5.4 million or 1.3% compared to the preceding financial year ended as at 31 December 2013. This decrease was due to decrease in net book value of property, plant and equipment and land use rights due to depreciation and amortization as well as investment in associates.

Current assets

Current assets amounted to RMB 770.2 million, an increase of RMB 52.4 million or 7.3% compared to the preceding financial year ended as at 31 December 2013. This increase was mainly due to increase in trade and other receivables, inventories and prepayments partially offset by lower cash and bank balances.

Current liabilities

Current liabilities amounted to RMB 1.3 billion, an increase of RMB 80.7 million or 6.7% compared to the preceding financial year end as at 31 December 2013. The increase was mainly due to higher trade and other payables.

Non-current liabilities

Non-current liabilities amounted to RMB 130.2 million, a decrease of RMB 3.6 million or 2.7% compared to the preceding financial year end as at 31 December 2013 mainly due to decrease in long-term borrowings.

Shareholders' equity

Capital deficiency amounted to RMB 243.2 million, an increase of RMB 30.0 million or 14.1% as a result of net loss made in 1Q2014.

Cash Flows

The Group registered net cash outflows from operating activities of RMB 335,000 in 1Q2014 compared to net cash inflows of RMB 9.8 million mainly because of higher prepayments made for acquisition of property, plant and equipment.

Net cash used in investing activities in 1Q2014 amounted to RMB 2.8 million.

Net cash used in financing activities in 1Q2014 amounted to RMB 46.2 million, an increase of RMB 38.2 million compared to 1Q2013 mainly due to higher net borrowings by RMB 20.1 million and increase in transfer to pledged bank balances by RMB 12.9 million.

As a result of the above, net decrease in cash and bank balances in 1Q2014 was RMB 49.3 million and the Group had cash and bank balances (including pledged bank balances) of RMB 231 million as at 31 March 2014.

Notwithstanding that as at 31 March 2014, the Group and the Company were in net current liability position and incurred net loss for the financial period ended 31 March 2014:

(a) The Group will be able to continue to obtain financial support from its bankers. Management has been in negotiation with various PRC banks to obtain financing for the Group's operations. The Group has secured loans and received indicative terms from the PRC banks and trade financing amounting to RMB 158 million and RMB 50 million respectively in 2014;

(b) The Group has due from contract customers from the completed built-transfer projects amounting to RMB 174.7 million which will be collected in the next few years; and

(c) The Group is likely to benefit from the favourable plastic pipe industry outlook due to the urbanisation plan and policy of the PRC Government in the next few years.

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

Not applicable.

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 outlook for the plastic pipe industry in the PRC will remain positive due to the urbanisation plan and policy of the PRC Government. Competition however remains keen. Raw material prices are expected to remain high and therefore the Group would expect some downward pressure on the profit margins in the coming months. Management will continue to implement cost control measures, monitor and manage cash flows closely to ensure that the Group has sufficient cash for its operational requirements.

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 three months period ended 31 March 2014.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transaction as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from shareholders for Interested Person Transactions.

BY ORDER OF THE BOARD OF DIRECTORS

Dr Pu Weidong
Chief Executive Officer and Executive Director
Sinopipe Holdings Limited

30 June 2014

Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

We, being two directors of Sinopipe Holdings Limited (the “Company”), hereby confirm that, to the best of our knowledge, nothing has come to the attention of the board of directors which may render the financial results of the Company and the Group for the financial quarter ended 31 March 2014 to be false or misleading in any material aspect.

For and on behalf of the
Board of Directors of
Sinopipe Holdings Limited

Dr Pu Weidong
Chief Executive Officer and Executive Director

Mr Wang Sen
Non-Executive and Non-Independent Chairman

30 June 2014