



SINOPIPE HOLDINGS LIMITED

(Company Registration Number: 200411382N)

Fourth Quarter and Full Year Financial Statements and Dividend Announcement for the Year Ended 31 December 2013

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 | | | Group | | |
|---|----------------|------------|---------|-----------------|------------|---------|
| | 3 months ended | | % | 12 months ended | | % |
| | 31.12.2013 | 31.12.2012 | Change | 31.12.2013 | 31.12.2012 | Change |
| | Rmb'000 | Rmb'000 | + / (-) | Rmb'000 | Rmb'000 | + / (-) |
| Revenue | 235,288 | 210,606 | 11.7 | 795,120 | 822,004 | (3.3) |
| Cost of sales | (203,742) | (171,764) | 18.6 | (669,694) | (706,760) | (5.2) |
| Gross profit | 31,546 | 38,842 | (18.8) | 125,426 | 115,244 | 8.8 |
| Other income | 5,685 | 5,302 | 7.2 | 12,792 | 18,997 | (32.7) |
| Selling and distribution expenses | (28,645) | (23,268) | 23.1 | (72,458) | (67,158) | 7.9 |
| Administrative expenses | (25,771) | (26,298) | (2.0) | (78,060) | (85,498) | (8.7) |
| Other expenses | (53,260) | (143,008) | (62.8) | (61,080) | (153,142) | (60.1) |
| Finance costs | (27,140) | (16,970) | 59.9 | (89,651) | (76,617) | 17.0 |
| Share of results of associates | 81 | (297) | (127.3) | (412) | (1,188) | (65.3) |
| Loss before income tax | (97,504) | (165,697) | (41.2) | (163,443) | (249,362) | (34.5) |
| Income tax expense | (1,492) | (1,215) | 22.8 | (4,602) | (1,664) | 176.6 |
| Loss for the period, representing total comprehensive income | (98,996) | (166,912) | (40.7) | (168,045) | (251,026) | (33.1) |
| Loss, representing total comprehensive income attributable to: | | | | | | |
| Owners of the Company | (95,086) | (164,724) | (43.3) | (162,669) | (246,180) | (34.6) |
| Non-controlling interests | (3,910) | (2,188) | 156.4 | (5,376) | (4,846) | 46.0 |
| | (98,996) | (166,912) | (40.7) | (168,045) | (251,026) | (33.1) |

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

| | Group | | Group | |
|--|-----------------------|-------------------|------------------------|-------------------|
| | 3 months ended | | 12 months ended | |
| | 31.12.2013 | 31.12.2012 | 31.12.2013 | 31.12.2012 |
| | Rmb'000 | Rmb'000 | Rmb'000 | Rmb'000 |
| Amortisation of deferred capital grant | (131) | (82) | (379) | (301) |
| Amortisation of deferred income relating to term loan from an external party | - | - | (53) | (71) |
| Amortisation of land use rights | - | 901 | 1,777 | 1,740 |
| Depreciation of property, plant and equipment | 5,897 | 9,831 | 35,008 | 41,862 |
| Foreign exchange (gain) / loss, net | (813) | (11) | (1,007) | 67 |
| Loss on disposal of property, plant and equipment | 2,825 | - | 3,287 | 762 |
| Government grants and subsidies | (2,802) | (1,650) | (5,462) | (3,429) |
| Impairment loss on property, plant and equipment | 19,142 | 15,383 | 23,022 | 22,276 |
| Impairment loss / (reversal) made on doubtful trade receivables | 9,445 | (24,882) | 13,617 | (7,781) |
| Trade and other receivables written off | - | 71,793 | - | 71,793 |
| Interest expense | | | | |
| - Loans and borrowings | 27,087 | 16,899 | 89,598 | 76,546 |
| - Term loan from an external party | 71 | 71 | 53 | 71 |
| Interest income | | | | |
| - Bank deposits | (1,533) | (1,614) | (3,835) | (5,420) |
| Write-down on inventories | 2,372 | 8,658 | 6,468 | 17,307 |
| Operating lease expenses | 1,398 | 289 | 4,088 | 1,157 |
| Staff costs * | | | | |
| - Wages, salaries and bonuses | 28,815 | 23,215 | 87,731 | 76,973 |
| - Pension costs | 3,393 | 2,336 | 10,710 | 8,765 |
| - Other staff costs | 182 | 962 | 4,756 | 6,885 |

* 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 | |
|---|-------------------------|-------------------------|-----------------------|-----------------------|
| | 31.12.2013 | 31.12.2012 | 31.12.2013 | 31.12.2012 |
| | Rmb'000 | Rmb'000 | Rmb'000 | Rmb'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Land use rights | 73,242 | 73,470 | - | - |
| Property, plant and equipment | 317,470 | 355,111 | 44 | 36 |
| Goodwill | 3,944 | 3,944 | - | - |
| Investment in subsidiaries | - | - | 188,694 | 413,694 |
| Investment in associates | 13,790 | 14,202 | 14,000 | 14,000 |
| Deferred tax assets | 616 | 1,589 | - | - |
| | <u>409,062</u> | <u>448,316</u> | <u>202,738</u> | <u>427,707</u> |
| Current assets | | | | |
| Inventories | 109,424 | 127,871 | - | - |
| Held-for-trading investments | 500 | - | - | - |
| Trade and other receivables | 333,422 | 369,123 | 19,612 | 19,797 |
| Prepayments | 24,237 | 72,446 | 87 | - |
| Cash and cash equivalents | 250,199 | 116,398 | 153 | 1,392 |
| | <u>717,782</u> | <u>685,838</u> | <u>19,852</u> | <u>21,189</u> |
| | <u><u>1,126,844</u></u> | <u><u>1,134,154</u></u> | <u><u>222,590</u></u> | <u><u>448,919</u></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 | (525,594) | (362,925) | (251,156) | (18,958) |
| Equity attributable to owners of the Company | <u>(224,257)</u> | <u>(61,588)</u> | <u>67,504</u> | <u>299,702</u> |
| Non-controlling interests | <u>11,054</u> | <u>27,716</u> | <u>-</u> | <u>-</u> |
| Total equity | <u>(213,203)</u> | <u>(33,872)</u> | <u>67,504</u> | <u>299,702</u> |
| Non-current liabilities | | | | |
| Borrowings | 114,495 | 248,595 | 33,403 | 31,206 |
| Deferred capital grant | 11,668 | 7,810 | - | - |
| Deferred tax liabilities | 7,722 | 8,219 | 220 | 594 |
| | <u>133,885</u> | <u>264,624</u> | <u>33,623</u> | <u>31,800</u> |
| Current liabilities | | | | |
| Trade and other payables | 675,954 | 495,664 | 121,463 | 117,417 |
| Borrowings | 525,862 | 402,564 | - | - |
| Deferred capital grant | 419 | 334 | - | - |
| Current tax payable | 3,927 | 4,840 | - | - |
| | <u>1,206,162</u> | <u>930,402</u> | <u>121,463</u> | <u>117,417</u> |
| Total liabilities | <u>1,340,047</u> | <u>1,168,026</u> | <u>155,086</u> | <u>149,217</u> |
| Total equity and liabilities | <u><u>1,126,844</u></u> | <u><u>1,134,154</u></u> | <u><u>222,590</u></u> | <u><u>448,919</u></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 31.12.2013 | | Group As at 31.12.2012 | |
|---------------------------|----------------------|---------------------------|----------------------|
| Secured Rmb'000 | Unsecured Rmb'000 | Secured Rmb'000 | Unsecured Rmb'000 |
| 444,801 | 81,061 | 221,848 | 181,066 |

Amount repayable after one year

| Group As at 31.12.2013 | | Group As at 31.12.2012 | |
|---------------------------|----------------------|---------------------------|----------------------|
| Secured Rmb'000 | Unsecured Rmb'000 | Secured Rmb'000 | Unsecured Rmb'000 |
| 81,092 | 33,403 | 30,461 | 217,784 |

Details of any collaterals

Term loan from an external party

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 ("Fujian Atontech") 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 December 2013, the remaining loan outstanding was RMB 2,110,000.

Loans and borrowings

The bank loans are guaranteed or secured as follows:

- RMB 114,000,000 (2012: RMB 134,000,000) is guaranteed by a PRC subsidiary, Fujian Atontech;
- RMB Nil (2012: RMB 30,928,000) is guaranteed by Wang Sen, the Company's Non-Executive Chairman.
- RMB 290,248,000 (2012: RMB 283,277,000) is secured by land use rights and buildings with an aggregate carrying amount of RMB 58,353,000 (2012: RMB 33,757,000) and RMB 86,961,000 (2012: RMB 67,074,000), respectively;
- RMB Nil (2012: RMB 900,000) is secured by bills receivables with an aggregate carrying amount of RMB Nil (2012: RMB 1,000,000);
- RMB 41,130,000 (2012: RMB 94,098,000) is secured by trade receivables with an aggregate carrying amount of RMB 37,968,000 (2012: RMB 112,772,000);
- RMB 55,000,000 (2012: RMB 30,000,000) is secured by plant and machinery with an aggregate carrying amount of RMB 8,728,000 (2012: RMB 892,000), and is also guaranteed by Fujian Atontech; and

RMB 23,451,000 (2012: RMB 20,000,000) of the bank loans is unsecured.

The bank loans of RMB 523,829,000 (2012: RMB 593,203,000) bear effective interest rates ranging from 5.85% to 7.28% (2012: 5.36% to 7.28%) per annum and have remaining maturity of between 1 and 39 (2012: 1 and 51) 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.

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>2013</u> | <u>2012</u> |
| | Rmb'000 | Rmb'000 |
| Liability component | | |
| - Balance at 1 January | 28,292 | 56,583 |
| - Issue of convertible loans during the year | - | - |
| - Conversion into shares during the year | - | (28,291) |
| | <u>28,292</u> | <u>28,292</u> |
| - Balance at 31 December | <u>28,292</u> | <u>28,292</u> |
| Add: Accumulated amortisation of discount | | |
| - Balance at 1 January | 2,914 | 1,724 |
| - Conversion into shares during the year | - | (1,850) |
| - Amortisation of discount during the year | 2,197 | 3,040 |
| | <u>5,111</u> | <u>2,914</u> |
| - Balance at 31 December | <u>5,111</u> | <u>2,914</u> |
| Carrying amount | <u><u>33,403</u></u> | <u><u>31,206</u></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 | | 12 months ended | |
| | 31.12.2013 | 31.12.2012 | 31.12.2013 | 31.12.2012 |
| | Rmb'000 | Rmb'000 | Rmb'000 | Rmb'000 |
| Cash flows from operating activities | | | | |
| Loss before income tax | (97,504) | (165,697) | (163,443) | (249,362) |
| Adjustments: | | | | |
| Amortisation of deferred capital grant | (130) | (82) | (379) | (301) |
| Amortisation of deferred income relating to term loan from a third party | (53) | - | (53) | (71) |
| Amortisation of land use rights | 521 | 901 | 1,777 | 1,740 |
| Depreciation of property, plant and equipment | 7,068 | 9,831 | 35,008 | 41,862 |
| Loss / (gain) on disposal of held-for-trading investment | - | - | 17 | (26) |
| Impairment loss made / (reversed) on doubtful trade receivables | 13,996 | (24,882) | 13,617 | (7,781) |
| Interest expense | 27,140 | 16,970 | 89,651 | 76,617 |
| Interest income | (2,262) | (1,614) | (3,835) | (5,420) |
| Gain on disposal of a subsidiary | - | - | (785) | - |
| Loss on disposal of property, plant and equipment | 2,825 | - | 3,287 | 762 |
| Impairment loss on property, plant and equipment | 23,022 | 15,383 | 23,022 | 22,276 |
| Loss on deconsolidation of subsidiaries | - | - | - | 7,290 |
| Write-off inventories | 866 | - | 866 | - |
| Write-down on inventories | 6,267 | 8,658 | 6,468 | 17,307 |
| Share of results of associates | (81) | 297 | 412 | 1,188 |
| Operating cash flows before movements in working capital | (18,325) | (140,235) | 5,630 | (93,919) |
| Movements in working capital: | | | | |
| Inventories | 3,857 | 17,288 | 8,402 | 42,422 |
| Trade and other receivables | 39,710 | 357,693 | 1,077 | 9,012 |
| Prepayments | 31,067 | - | 48,754 | (30,375) |
| Trade and other payables | 30,772 | (94,941) | 188,550 | (13,643) |
| Cash generated from / (used in) operations | 87,081 | 139,805 | 252,413 | (86,503) |
| Income taxes paid | - | (509) | (1,231) | (2,656) |
| Net cash generated from / (used in) operating activities | 87,081 | 139,298 | 251,182 | (89,159) |
| Cash flows from investing activities | | | | |
| Acquisition of land use rights | (1,549) | - | (1,549) | (8,553) |
| Acquisition of property, plant and equipment | (4,299) | (2,335) | (21,558) | (29,380) |
| Acquisition of held-for-trading investments | - | - | (900) | - |
| Grant received on acquisition of land use rights | 3,252 | - | 3,252 | - |
| Proceeds from disposal of property, plant and equipment | - | - | 175 | 556 |
| Proceeds from disposal of held-for-trading investments | - | - | 383 | 1,270 |
| Interest received | 2,262 | 1,614 | 3,835 | 5,420 |
| Deconsolidation of subsidiaries | - | - | - | (1,469) |
| Disposal of subsidiary | - | - | (619) | - |
| Net cash (used in) / generated from investing activities | (334) | (721) | (16,981) | (32,156) |

| | Group | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 31.12.2013 | 31.12.2012 | 31.12.2013 | 31.12.2012 |
| | Rmb'000 | Rmb'000 | Rmb'000 | Rmb'000 |
| Cash flows from financing activities | | | | |
| Dividends paid to non-controlling interests of subsidiaries | - | - | - | (450) |
| Interest paid | (26,459) | (16,433) | (87,348) | (73,435) |
| Proceeds from borrowings | 176,516 | 6,159 | 569,198 | 474,864 |
| Repayment of borrowings | (215,208) | (181,566) | (582,250) | (386,764) |
| Pledged bank balances | 17,341 | 61,126 | (100,830) | 35,632 |
| Net cash (used in) / generated from financing activities | (47,810) | (130,714) | (201,230) | 49,847 |
| Net increase / (decrease) in cash and bank balances | 38,937 | 7,863 | 32,971 | (71,468) |
| Cash and bank balances at beginning of financial period | 54,269 | 52,374 | 60,235 | 131,703 |
| Cash and bank balances at end of financial period | <u>93,206</u> | <u>60,235</u> | <u>93,206</u> | <u>60,235</u> |

(B) Cash and cash equivalents

| | Group | |
|-------------------------------|-------------------|-------------------|
| | 31.12.2013 | 31.12.2012 |
| | Rmb'000 | Rmb'000 |
| Cash and bank balances | 250,199 | 116,398 |
| Less: Pledged bank balances * | (156,993) | (56,163) |
| Cash and cash equivalents | <u>93,206</u> | <u>60,235</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 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) |
| Balance at 1 January 2012 | 276,655 | (6,924) | (116,511) | 38,777 | 191,997 |
| Deconsolidation of subsidiaries | - | - | - | (5,765) | (5,765) |
| Dividends to non-controlling interests of subsidiaries | - | - | - | (450) | (450) |
| Total comprehensive loss for the period | - | - | (33,523) | (3,557) | (37,080) |
| Balance at 31 March 2012 | 276,655 | (6,924) | (150,034) | 29,005 | 148,702 |
| Total comprehensive (loss) / income for the period | - | - | (26,507) | 569 | (25,938) |
| Balance at 30 June 2012 | 276,655 | (6,924) | (176,541) | 29,574 | 122,764 |
| Total comprehensive (loss) / income for the period | - | - | (21,426) | 330 | (21,096) |
| Issue of shares on conversion of convertible loans | 36,689 | (5,317) | - | - | 31,372 |
| Appropriation to other reserve | - | 234 | (234) | - | - |
| Balance at 30 September 2012 | 313,344 | (12,007) | (198,201) | 29,904 | 133,040 |
| Total comprehensive loss for the period | - | - | (164,724) | (2,188) | (166,912) |
| Balance at 31 December 2012 | 313,344 | (12,007) | (362,925) | 27,716 | (33,872) |

| COMPANY | Share capital Rmb'000 | Reserves Rmb'000 | Accumulated profits / (losses) Rmb'000 | Total equity Rmb'000 |
|---|---------------------------------|----------------------------|--|--------------------------------|
| 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 income for the period | - | - | (227,372) | (227,372) |
| Balance at 31 December 2013 | 313,344 | 5,316 | (251,156) | 67,504 |

| | | | | |
|--|---------|---------|----------|----------|
| Balance at 1 January 2012 | 276,655 | 10,633 | 1,153 | 288,441 |
| Total comprehensive loss for the period | - | - | (2,909) | (2,909) |
| Balance at 31 March 2012 | 276,655 | 10,633 | (1,756) | 285,532 |
| Total comprehensive loss for the period | - | - | (3,783) | (3,783) |
| Balance at 30 June 2012 | 276,655 | 10,633 | (5,539) | 281,749 |
| Total comprehensive income for the period | - | - | (3,236) | (3,236) |
| Issue of shares on conversion of convertible loans | 36,689 | (5,317) | - | 31,372 |
| Balance at 30 September 2012 | 313,344 | 5,316 | (8,775) | 309,885 |
| Total comprehensive income for the period | - | - | (10,183) | (10,183) |
| Balance at 31 December 2012 | 313,344 | 5,316 | (18,958) | 299,702 |

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 2013 | 287,594,900 | 313,344 |
| Balance at 31 December 2013 | 287,594,900 | 313,344 |

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 | |
|---|--------------------|--------------------|
| | 31.12.2013 | 31.12.2012 |
| 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 new and revised FRSs applicable for the financial year beginning on or after 1 January 2013, the same accounting policies and methods of computation have been applied. The adoption of new and revised 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 new and revised FRSs that are effective for annual periods beginning on or after 1 January 2013. 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 | | Group | |
|--|-----------------------|-------------------|------------------------|-------------------|
| | 3 months ended | | 12 months ended | |
| | 31.12.2013 | 31.12.2012 | 31.12.2013 | 31.12.2012 |
| Loss per ordinary share for the period: | | | | |
| | Rmb'000 | Rmb'000 | Rmb'000 | Rmb'000 |
| Loss attributable to shareholders (basic) | (95,086) | (164,724) | (162,669) | (246,180) |
| Add: Amortisation of discount on convertible loans | <u>575</u> | <u>537</u> | <u>2,197</u> | <u>3,040</u> |
| Loss attributable to shareholders (diluted) | <u>(94,511)</u> | <u>(164,187)</u> | <u>(160,472)</u> | <u>(243,140)</u> |

| | Group | | Group | |
|---|------------------|------------------|------------------|------------------|
| | 3 months ended | | 12 months ended | |
| | 31.12.2013 | 31.12.2012 | 31.12.2013 | 31.12.2012 |
| | '000 | '000 | '000 | '000 |
| Weighted average number of ordinary shares (basic) | | | | |
| Issued ordinary shares at beginning of period | 287,595 | 287,595 | 287,595 | 255,095 |
| Effect of placement shares issued | - | - | - | - |
| Effect of conversion shares issued | - | - | - | 14,030 |
| Weighted average number of ordinary shares (basic) | <u>287,595</u> | <u>287,595</u> | <u>287,595</u> | <u>269,125</u> |
| Weighted average number of ordinary shares (diluted) | | | | |
| Weighted average number of ordinary shares (basic) | 287,595 | 287,595 | 287,595 | 269,125 |
| Effect of dilution from convertible loans | <u>32,500</u> | <u>32,500</u> | <u>32,500</u> | <u>50,970</u> |
| Weighted average number of ordinary shares (diluted) | <u>320,095</u> | <u>320,095</u> | <u>320,095</u> | <u>320,095</u> |
| | Rmb cents | Rmb cents | Rmb cents | Rmb cents |
| (a) Basic loss per share | (33.06) | (57.28) | (56.56) | (91.47) |
| (b) Diluted loss per share | (29.53) | (51.29) | (50.13) | (75.96) |

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 | |
|--|------------|------------|------------|------------|
| | 31.12.2013 | 31.12.2012 | 31.12.2013 | 31.12.2012 |
| Net asset value per ordinary share (Rmb cents) | (74.13) | (11.78) | 23.47 | 104.21 |

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 2013 and 31 December 2012 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 –

4Q2013 vs 4Q2012

Revenue

The breakdown of our revenue is as follows:

| | 3 months ended | | Increase / | Increase / |
|------------------------------------|----------------|----------------|---------------|------------|
| | 31.12.2013 | 31.12.2012 | (Decrease) | (Decrease) |
| | Rmb'000 | Rmb'000 | Rmb'000 | % |
| Plastic pipe | | | | |
| - Water supply | 98,072 | 125,953 | (27,881) | (28.4) |
| - Drainage and sewerage | 87,506 | 40,041 | 47,465 | 54.2 |
| - Telecommunication and electrical | 37,497 | 33,801 | 3,696 | 9.9 |
| - Water-saving irrigation | 9,636 | 2,618 | 7,018 | 72.8 |
| - Fuel gas | 2,577 | 8,193 | (5,616) | (217.9) |
| | <u>235,288</u> | <u>210,606</u> | <u>24,682</u> | 11.7 |

Revenue increased by Rmb 24.7 million from Rmb 210.6 million in 4Q2012 to Rmb 235.3 million in 4Q2013, representing a 11.7% year-on-year increase. The increase was due to higher sales from all the segments except water supply and fuel gas segments which recorded a decline of Rmb 27.9 million and Rmb 5.6 million respectively .

Gross profit and gross profit margin

Gross profit decreased by Rmb 7.3 million or 18.8%. Gross profit margin was 13.4% in 4Q2013 compared to 18.4% in 4Q2012. The lower gross margin in 4Q2013 was mainly due to higher material costs.

Other income

Other income increased by Rmb 383,000 or 7.2% from Rmb 5.3 million in 4Q2012 to Rmb 5.7 million in 4Q2013. This was mainly due to higher interest income by Rmb 709,000 partially offset by lower royalty income by Rmb 400,000.

Selling and distribution expenses

Selling and distribution expenses increased by Rmb 5.4 million or 23.1% from Rmb 23.3 million in 4Q2012 to Rmb 28.6 million in 4Q2013. The increase was mainly due to higher payroll costs by Rmb 3.5 million, agency fees by Rmb 1.6 million and advertising and promotion expenses by Rmb 736,000 partially offset by lower travelling expenses by Rmb 320,000.

Administrative expenses

Administrative expenses decreased marginally by Rmb 527,000 or 2.0% from Rmb 26.3 million in 4Q2012 to Rmb 25.8 million in 4Q2013.

Other expenses

Other expenses decreased by Rmb 89.7 million or 62.8% from Rmb 143.0 million in 4Q2012 to Rmb 53.3 million in 4Q2013 mainly due to lower trade and other receivables written off by Rmb 71.8 million and compensation expenses by Rmb 24.8 million partially offset by higher impairment loss and disposal loss on property, plant and equipment by Rmb 3.8 million and Rmb 2.8 million respectively.

Finance costs

Financial costs increased by Rmb 10.2 million or 59.9% from Rmb 17.0 million in 4Q2012 to Rmb 27.1 million in 4Q2013. The increase was mainly due to higher interest rates charged on loans and borrowings in 4Q2013 than the corresponding period.

Share of results of associates

Share of results of associates improved by Rmb 378,000 from share of operating losses of Rmb 297,000 in 4Q2012 to share of operating profits of Rmb 81,000 in 4Q2013 due to improved operating performance by the associated companies than one year ago.

Income tax expense

Tax expense increased by Rmb 277,000 from Rmb 1.2 million in 4Q2012 to Rmb 1.5 million in 4Q2013 due to adjustments of under-provision for income tax in prior year made by the subsidiaries.

Loss for the period, representing total comprehensive loss

As a result of the above, the net loss for the period decreased by Rmb 67.9 million or 40.7% from Rmb 166.9 million in 4Q2012 to Rmb 99.0 million in 4Q2013.

FY2013 vs FY2012

Revenue

The breakdown of our revenue is as follows:

| | 12 months ended | | Increase / | Increase / |
|------------------------------------|------------------------|-------------------|-------------------|-------------------|
| | 31.12.2013 | 31.12.2012 | (Decrease) | (Decrease) |
| | Rmb'000 | Rmb'000 | Rmb'000 | % |
| Plastic pipe | | | | |
| - Water supply | 375,792 | 413,178 | (37,386) | (9.9) |
| - Drainage and sewerage | 263,469 | 275,717 | (12,248) | (4.6) |
| - Telecommunication and electrical | 127,429 | 108,658 | 18,771 | 14.7 |
| - Water-saving irrigation | 16,892 | 9,435 | 7,457 | 44.1 |
| - Fuel gas | 11,538 | 15,016 | (3,478) | (30.1) |
| | <u>795,120</u> | <u>822,004</u> | <u>(26,884)</u> | <u>(3.3)</u> |

Revenue decreased by Rmb 26.9 million from Rmb 822.0 million in FY2012 to Rmb 795.1 million in FY2013, representing a 3.4% year-on-year decline. This decline was attributable to lower revenue registered by all the operating segments except for the telecommunication and electrical as well as water-saving irrigation segments which saw an increase in revenue of Rmb 18.8 million and Rmb 7.5 million respectively.

Gross profit and gross profit margin

Gross profit increased by Rmb 10.2 million or 8.8% from Rmb 115.2 million in FY2012 to Rmb 125.4 million in FY2013 mainly because of higher overall gross margin in FY2013. Gross margin was 15.8% in FY2013 and 14.0% in FY2012 respectively.

Other income

Other income decreased by Rmb 6.2 million or 32.7% from Rmb 19.0 million in FY2012 to Rmb 12.8 million in FY2013. The decrease was mainly due to lower reversal of impairment loss on doubtful trade receivable by Rmb 7.8 million, interest income on bank deposit by Rmb 1.6 million and royalty income by Rmb 400,000 partially offset by higher government grants and subsidies by Rmb 2.0 million and compensation received by Rmb 1.7 million.

Selling and distribution expenses

Selling and distribution expenses increased by Rmb 5.3 million or 7.9% from Rmb 67.2 million in FY2012 to Rmb 72.4 million in FY2013. The increase was mainly due to increase in payroll expenses by Rmb 7.4 million partially offset by lower administrative expenses by Rmb 311,000, travelling expenses by Rmb 350,000, agency fees by Rmb 421,000 and advertising expenses by Rmb 769,000.

Administrative expenses

Administrative expenses decreased by Rmb 7.4 million or 8.7% from Rmb 85.5 million in FY2012 to Rmb 78.1 million in FY2013, mainly due to lower entertainment fee by Rmb 4.1 million and a non-recurring special audit services fee of Rmb 3.3 million charged in FY2012.

Other expenses

Other expenses decreased by Rmb 92.1 million or 60.1% from Rmb 153.1 million in FY2012 to Rmb 61.1 million in FY2013 mainly due to lower compensation expenses by Rmb 24.8 million, loss on deconsolidation of subsidiaries by Rmb 7.3 million, trade and other receivable written off by Rmb 71.8 million, write-down on inventories by Rmb 10.8 million partially offset by higher impairment loss on doubtful trade receivables by Rmb 13.6 million, loss on disposal of property, plant and equipment by Rmb 2.5 million and prepayment written off by Rmb 5.9 million.

Financial costs

Financial expense increased by Rmb 13.0 million or 17.0% from Rmb 76.6 million in FY2012 to Rmb 89.7 million in FY2013. The increase was mainly due to higher interest rates charged on loans and borrowings in FY2013 than the corresponding financial year.

Share of results of associates

Share of losses of associates decreased by Rmb 776,000 from Rmb 1.2 million in FY2012 to Rmb 412,000 in FY2013 mainly because of better operating performance by the associated companies than one year ago.

Income tax expense

Tax expense increased by Rmb 2.9 million from Rmb 1.7 million in FY2012 to Rmb 4.6 million in FY2013 mainly due to the effect of reversal of deferred tax assets of Rmb 2.2 million.

Loss for the period, representing total comprehensive loss

As a result of the above, the net loss for the year decreased by Rmb 83.0 million or 33.1% from Rmb 251.0 million in FY2012 to Rmb 168.0 million in FY2013.

Balance Sheet – FY2013 vs FY2012

Non-current assets

As at 31 December 2013, non-current assets amounted to Rmb 409.1 million, a decrease of Rmb 39.3 million or 8.8% compared to the preceding financial year end as at 31 December 2012. This decrease was due to decrease in net book value of property, plant and equipment by Rmb 228,000, land use rights by Rmb 37.6 million, deferred tax assets by Rmb 973,000 and investment in associates by Rmb 412,000.

Current assets

As at 31 December 2013, current assets amounted to Rmb 717.8 million, an increase of Rmb 31.9 million or 4.7% compared to the preceding financial year end as at 31 December 2012. This increase was mainly due to increase in held-for-trading investments and cash and bank balances partially offset by decrease in inventories, trade and other receivables and prepayments.

Current liabilities

As at 31 December 2013, current liabilities amounted to Rmb 1.2 billion, an increase of Rmb 275.8 million or 29.6% compared to the preceding financial year end as at 31 December 2012. The increase was due to higher trade and other payables, current portion of borrowings and deferred capital grant partially offset by decrease in tax payable.

Non-current liabilities

As at 31 December 2013, non-current liabilities amounted to Rmb 133.9 million, a decrease of Rmb 130.7million or 49.4% compared to the preceding financial year end as at 31 December 2012. The decrease was mainly due to decrease in borrowings and deferred tax liabilities partially offset by increase in deferred capital grant.

Shareholders' equity

As at 31 December 2013, shareholders' equity in deficit amounted to Rmb 188.2 million, an increase of Rmb 154.3 million. The increase was mainly attributable to net loss of Rmb 143.0 million in FY2013.

Cash Flows and liquidity

4Q2013 vs 4Q2012

Net cash generated from operating activities in 4Q2013 amounted to Rmb 87.1 million compared to Rmb 139.3 million in 4Q2012, a decrease by Rmb 52.2 million mainly because lower source of cash generated from working capital by Rmb 174.6 million partially offset by lower operating cash flow used before movements in working capital by Rmb 121.9 and lower income tax paid by Rmb 509,000.

Net cash used in investing activities in 4Q2013 amounted to Rmb 334,000, a decrease of Rmb 387,000 compared with 4Q2012 mainly due to higher net capital expenditure in property, plant and equipment and land use right by Rmb 261,000 partially offset by higher interest received by Rmb 648,000.

Net cash used in financing activities in 4Q2013 amounted to Rmb 47.8 million, a decrease by Rmb 82.9 million, compared with 4Q2012 mainly due to lower net repayment of borrowings by Rmb 136.7 million partially offset by higher interest paid of Rmb 10.0 million and decrease in pledged bank balances by Rmb 43.8 million.

As a result of the above, overall increase in cash and bank balances in 4Q2013 was higher by Rmb 31.1 million compared to 4Q2012.

FY2013 vs FY2012

Net cash generated from operating activities in FY2013 amounted to Rmb 251.2 million compared to net cash used of Rmb 89.2 million in FY2012, a net increase of cash inflows by Rmb 340.4 million mainly due to higher source of cash generated from working capital by Rmb 239.4 million, higher operating cash flows before movements in working capital by Rmb 99.5 million and lower income tax paid by Rmb 1.4 million.

Net cash used in investing activities amounted to Rmb 17.0 million in FY2013 and Rmb 32.2 million in FY2012, a decrease of cash outflows by Rmb 15.2 million mainly because of lower net capital expenditure on property, plant and equipment and land use rights by Rmb 18.1 million partially offset by higher acquisition of held-for-trading investment by Rmb 900,000, lower proceed from disposal of investment held-for-trading by Rmb 887,000, lower proceed from disposal of property, plant and equipment by Rmb 381,000 and lower interest income received by Rmb 1.6 million.

Net cash used in financing activities amounted to Rmb 201.2 million in FY2013 compared to net cash generated Rmb 49.8 million in FY2012, a net increase of cash outflows by Rmb 251.1 million mainly due to net repayment of borrowings by Rmb 13.1 million (FY2012: net proceeds by Rmb 88.1 million) and decrease in pledged bank balances by Rmb 100.8 million (2012: increase by Rmb 35.6 million) and higher interest paid by Rmb 13.9 million.

As a result of the above, overall increase in cash and bank balances in FY2013 was higher by Rmb 104.4 million compared to FY2012.

As at 31 December 2013, the Group and the Company were in net current liability position of RMB 488.4 million (2012: RMB 217.6 million) and RMB 101.6 million (2012: RMB 96.2 million) respectively. As at 31 December 2013, the Group was also in a net liability position of RMB 213.2 million (2012: Rmb 33.9 million). The Group incurred net loss of RMB 168.0 million in FY2013 (2012: RMB 251.0 million).

The Group generated net operating cash inflows of RMB 251.2 million in FY2013 compared to net operating cash outflows of RMB 89.2 million in FY2012.

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

Please refer to our announcement on 28 February 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.

The business outlook for the plastic pipe industry in the PRC remains positive and is expected to be very competitive. The Group will continue to review and restructure its operation, implement cost control measures, improve governance and stay competitive. Management will also continue to 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 financial year ended 31 December 2013.

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 three 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 infrastructure development segment is involved in the design and construction of infrastructures such as road network sub-contracted to third party contractors.
3. 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 2013**

**Per consolidated
financial
statements
Rmb'000**

| | Plastic pipe Rmb'000 | Infrastructure development Rmb'000 | Corporate 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) |
| Write off of land use right | - | - | - | - |
| Compensation expenses | - | - | - | - |
| 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 disposal 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) |
| Impairment loss (made)/reversed made on 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) |

**Year ended
31 December 2012**

| | Plastic pipe | Infrastructure development | Corporate | Per consolidated financial statements |
|--|---------------------|---------------------------------------|------------------|--|
| | Rmb'000 | Rmb'000 | Rmb'000 | Rmb'000 |
| Revenue | | | | |
| External customers | 822,004 | - | - | 822,004 |
| Results | | | | |
| Amortisation of deferred capital grant | 301 | - | - | 301 |
| Amortisation of deferred income relating to term loan from a third party | 71 | - | - | 71 |
| Amortisation of land use rights | (1,740) | - | - | (1,740) |
| Write off of land use right | (1,967) | - | - | (1,967) |
| Compensation expenses | (24,766) | - | - | (24,766) |
| Depreciation of property, plant and equipment | (41,851) | (4) | (7) | (41,862) |
| Extinguishment of trade and other payables | 297 | - | - | 297 |
| Gain (loss) on disposal on held-for-trading investment | 26 | - | - | 26 |
| Government grants and subsidies | 3,429 | - | - | 3,429 |
| Impairment loss of property, plant and equipment | (22,276) | - | - | (22,276) |
| Interest expense | (73,577) | - | (3,040) | (76,617) |
| Interest income | 5,418 | 2 | - | 5,420 |
| Inventories written off | (1,072) | - | - | (1,072) |
| Loss on deconsolidation of subsidiaries | (7,290) | - | - | (7,290) |
| Loss on disposal of property, plant and equipment | (762) | - | - | (762) |
| Prepayments written off | 140 | - | - | 140 |
| Research and development costs | (7,262) | - | - | (7,262) |
| (Impairment loss) reversal/made on doubtful trade receivables | 7,781 | - | - | 7,781 |
| Trade and other receivables written off | (71,793) | - | - | (71,793) |
| Write-down on inventories | (17,307) | - | - | (17,307) |
| Share of losses of associates | (1,188) | - | - | (1,188) |
| Segment loss | (231,362) | (88) | (17,912) | (249,362) |

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 2012 and 2013, 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 |
|---|--------------|-------------|-----------------|
| | 2013 | 2012 | |
| | Rmb'000 | Rmb'000 | + / (-) |
| (a) Sales reported for first half year | 347,436 | 383,829 | (9.5) |
| (b) Operating profit after tax before deducting non-controlling interests reported for first half year | (47,074) | (61,935) | (24.0) |
| (c) Sales reported for second half year | 447,684 | 438,175 | 2.2 |
| (d) Operating profit after tax before deducting non-controlling interests reported for second half year | (120,971) | (189,091) | (36.0) |

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.

Please refer to the Company's announcement made on 28 February 2014.

BY ORDER OF THE BOARD OF DIRECTORS

Pu Weidong
Chief Executive Officer and Executive Director
Sinopipe Holdings Limited

28 March 2014