



SIIC ENVIRONMENT HOLDINGS LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No: 200210042R)

Unaudited Financial Statements and Dividend
Announcement for the Fourth Quarter and Financial Year
ended 31 December 2013

19 February 2014

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SIIC Environment Holdings Ltd.
(Incorporated in the Republic of Singapore)
(Company Registration No. 200210042R)

Fourth Quarter of Financial Year 2013 Financial Statements And Dividend Announcement

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.

UNAUDITED RESULTS FOR THE FOURTH QUARTER ("4QFY2013") AND FINANCIAL YEAR ENDED 31 DECEMBER 2013 ("FY2013")

	Note	Group					
		3 Months Ended		Changes	12 Months Ended		Changes
		31.12.13	31.12.12		31.12.13	31.12.12	
		RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	(A)	436,585	281,819	54.9	1,214,474	804,479	51.0
Cost of sales		(332,590)	(223,965)	48.5	(852,972)	(527,128)	61.8
Gross profit	(B)	103,995	57,854	79.8	361,502	277,351	30.3
Other operating income	(C)	18,047	1,860	>100.0	27,291	15,162	80.0
Selling and distribution costs	(D)	(4,565)	(4,485)	1.8	(15,192)	(17,911)	(15.2)
Administrative and other expenses	(E)	(87,503)	(43,865)	99.5	(166,539)	(116,539)	42.9
Profit from operations		29,974	11,364	>100.0	207,062	158,063	31.0
Finance income	(F)	51,546	76,972	(33.0)	194,421	124,423	56.3
Finance expenses	(G)	(31,918)	(32,497)	(1.8)	(125,723)	(102,878)	22.2
Other income		6,910	7,449	(7.2)	12,300	12,721	(3.3)
Other expenses	(H)	(6,827)	(282)	>100.0	(10,735)	(3,257)	>100.0
Share of results of associates	(I)	82	110	(25.5)	452	177	>100.0
Share of results of joint venture	(I)	4,317	9,831	(56.1)	11,087	15,633	(29.1)
Profit before tax	(i)	54,084	72,947	(25.9)	288,864	204,882	41.0
Income tax expense	(ii)/(J)	(8,868)	(1,376)	>100.0	(74,242)	(27,637)	>100.0
Profit for the period/ year		45,216	71,571	(36.8)	214,622	177,245	21.1
Other comprehensive income:							
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Foreign currency translation, net of tax		(1,420)	11,311	N.M.	9,620	4,970	93.6
Total comprehensive income for the period/year		43,796	82,882	(47.2)	224,242	182,215	23.1
Profit for the period/ year attributable to:							
Owners of the Company		31,285	57,173	(45.3)	150,095	130,516	15.0
Non-controlling interests		13,931	14,398	(3.2)	64,527	46,729	38.1
		45,216	71,571	(36.8)	214,622	177,245	21.1
Total comprehensive income attributable to:							
Owners of the Company		29,865	68,484	(56.4)	159,715	135,486	17.9
Non-controlling interests		13,931	14,398	(3.2)	64,527	46,729	38.1
		43,796	82,882	(47.2)	224,242	182,215	23.1

N.M. – Not Meaningful

Notes:

1(a)(i) Profit before tax is arrived at after charging/(crediting) the following:

	3 Months Ended		12 Months Ended	
	31.12.13	31.12.12	31.12.13	31.12.12
	RMB'000	RMB'000	RMB'000	RMB'000
Amortisation of intangible assets/ land use rights (Note K)	13,032	14,558	45,770	38,819
Depreciation of investment properties	47	47	189	190
Depreciation of property, plant and equipment	2,277	2,817	10,729	11,829
Gain on disposal of investment property	-	-	-	(1,495)
Loss/(gain) on disposal of property, plant and equipment	31	89	9	(1,259)
Loss on disposal of intangible assets/ land use rights	-	1,008	-	880
Property, plant and equipment written off	48	683	48	683
Gain on disposal of available-for-sale financial instrument	(289)	-	(289)	-
Foreign exchange loss/(gain), net	4,259	1,328	13,220	(10,702)
Allowance/(reversal) of allowance for doubtful receivables (trade)	4,982	(22,599)	(9,606)	(22,389)
Allowance/(reversal) of allowance for doubtful receivables (non-trade)	9,212	(3,168)	(12,011)	(3,613)
Bad debts written off (trade)	-	1,250	390	1,250
Bad debts written off (non-trade)	-	69	1	69
Reversal of provision for foreseeable loss	(78)	(528)	(127)	(553)
Impairment loss on goodwill on consolidation	10,735	-	10,735	-

1(a)(ii) Adjustment for (over)/ under provision of tax in respect of prior periods

	3 Months Ended		12 Months Ended	
	31.12.13	31.12.12	31.12.13	31.12.12
	RMB'000	RMB'000	RMB'000	RMB'000
Over provision of tax in respect of prior periods	(1,546)	(11,889)	(4,842)	(14,154)

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

	Note	Group		Company	
		As At 31.12.13	As At 31.12.12	As At 31.12.13	As At 31.12.12
		RMB'000	RMB'000	RMB'000	RMB'000
Current assets:					
Cash and cash equivalents		1,788,834	488,538	1,287,191	40,911
Bank deposits		113,982	28,454	-	-
Trade receivables		368,762	318,375	265	9,023
Bills receivables		540	8,885	-	-
Other receivables		69,050	113,876	1,967	290
Prepayments		35,496	101,769	209	95
Inventories		17,745	16,284	-	-
Receivables under service concession arrangements		72,497	57,449	-	-
Amounts due from customers for contract work		73,616	82,083	-	-
Amounts due from subsidiaries		-	-	822,960	615,194
Amounts due from joint venture		-	10,450	-	-
Amounts due from associate		89	74	-	-
	(L)	2,540,611	1,226,237	2,112,592	665,513
Non-current assets:					
Available-for-sale financial instruments		2,394	5,394	-	-
Prepayments		4,635	-	-	-
Receivables under service concession arrangements		2,642,589	2,475,026	-	-
Property, plant and equipment		95,683	107,430	401	619
Investment properties		4,409	4,598	-	-
Intangible assets		1,055,387	896,603	-	-
Land use rights		14,949	15,310	-	-
Retention monies		960	705	-	-
Deferred tax assets		15,919	24,669	-	-
Investment in subsidiaries		-	-	448,413	474,037
Interest in joint venture		131,485	115,990	-	-
Interest in associates		14,533	2,082	-	-
Goodwill on consolidation		9,549	20,284	-	-
Prepayment for investment in subsidiary		122,148	-	-	-
	(M)	4,114,640	3,668,091	448,814	474,656
Total assets		6,655,251	4,894,328	2,561,406	1,140,169
Current liabilities:					
Trade payables		228,958	247,562	-	-
Bills payable to banks		17,063	16,598	-	-
Other payables, accruals and provision		372,883	359,410	27,857	8,008
Tax payable		19,694	23,547	-	-
Amounts due to customers for contract work		15,939	57,992	-	-
Amounts due to subsidiaries		-	-	4,020	15,509
Bank and other borrowings		1,408,462	653,559	-	-
Finance lease		34,330	-	-	-
	(N)	2,097,329	1,358,668	31,877	23,517
Non-current liabilities:					
Bank and other borrowings		980,546	1,515,007	-	-
Finance lease		50,000	-	-	-
Deferred tax liabilities		185,488	161,342	-	1,324
Other non-current liabilities		52,772	60,211	-	-
	(O)	1,268,806	1,736,560	-	1,324
Capital, reserves and non-controlling interest					
Share capital		2,512,500	1,153,129	2,512,500	1,153,129
Treasury shares		(96)	(96)	(96)	(96)
Retained earnings/ (Accumulated losses)		315,724	189,877	55,229	(80,029)
Other reserves		(98,551)	(30,275)	(38,104)	42,324
Equity attributable to owners of the Company		2,729,577	1,312,635	2,529,529	1,115,328
Non-controlling interests		559,539	486,465	-	-
Total equity		3,289,116	1,799,100	2,529,529	1,115,328
Total liabilities and equity		6,655,251	4,894,328	2,561,406	1,140,169

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, please specify the following at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

Amount repayable in one year or less, or on demand

As at 31.12.13 RMB'000		As at 31.12.12 RMB'000	
Secured/ Guaranteed	Unsecured/ Unguaranteed	Secured/ Guaranteed	Unsecured/ Unguaranteed
1,166,031	293,824	484,496	185,661

Amount repayable after one year

As at 31.12.13 RMB'000		As at 31.12.12 RMB'000	
Secured/ Guaranteed	Unsecured/ Unguaranteed	Secured/ Guaranteed	Unsecured/ Unguaranteed
1,024,364	6,182	1,285,838	229,169

Details of any collaterals

The Group's borrowings comprise bills payable to banks, bank and other borrowings and finance lease.

Bills payable to banks are secured by certain bank deposits placed with the respective issuing banks. The bank and other borrowings are secured/ guaranteed on concessionary arrangements, trade receivables (relating to concessionary arrangements) collection rights, guarantees by subsidiaries, guarantees by third party company and/or secured by a corporate guarantee by SIIC Environment Holdings Ltd.. The finance lease is secured by a pledge on certain operating assets.

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

	Group		Group	
	For 3 Months Ended		For 12 Months Ended	
	31.12.13 RMB'000	31.12.12 RMB'000	31.12.13 RMB'000	31.12.12 RMB'000
Cash flows from operating activities				
Profit before tax, total	54,084	72,947	288,864	204,882
Adjustments for:				
Allowance/(reversal) of allowance for doubtful receivables, net (trade)	4,982	(22,599)	(9,606)	(22,389)
Allowance/(reversal) of allowance for doubtful receivables, net (non-trade)	9,212	(3,168)	(12,011)	(3,613)
Bad debts written off (trade)	-	1,250	390	1,250
Bad debts written off (non-trade)	-	69	1	69
Reversal of allowance for foreseeable loss	(78)	(528)	(127)	(553)
Depreciation of property, plant and equipment	2,277	2,817	10,729	11,829
Amortisation of intangible assets/ land use rights	13,032	14,558	45,770	38,819
Depreciation of investment properties	47	47	189	190
Amortisation of deferred gain on sale and leaseback arrangement	506	-	-	-
Loss/(gain) on disposal of property, plant and equipment	31	89	9	(1,259)
Loss on disposal of intangible assets/ land use rights	-	1,008	-	880
Gain on disposal of investment property	-	-	-	(1,495)
Gain on disposal of available-for-sale financial instrument	(289)	-	(289)	-
Provision of warranty expenses, net	(72)	408	18	618
Property, plant and equipment written off	48	683	48	683
Impairment loss on goodwill on consolidation	10,735	-	10,735	-
Finance income	(51,546)	(76,972)	(194,421)	(124,423)
Finance expenses	31,918	32,497	125,723	102,878
Fair value loss on derivative financial instrument	-	-	-	2,975
Share of results of associates	(82)	(110)	(452)	(177)
Share of results of joint venture	(4,317)	(9,831)	(11,087)	(15,633)
Foreign exchange (gain)/loss	(159)	2,131	10,706	(7,145)
Operating cash flow before working capital changes	70,329	15,296	265,189	188,386
(Increase)/decrease in:				
Inventories	(4,848)	5,986	(7,842)	580
Amounts due from/to customers for contract work, net	40,321	1,459	(118,902)	(30,503)
Trade receivables	(14,956)	(4,047)	(58,999)	(18,927)
Bills receivables	(540)	3,294	7,745	1,632
Other receivables and prepayments	106,928	(15,754)	86,115	110,831
Receivables under service concession arrangements	(26,445)	27,500	12,079	48,452
Amounts due from associate	15	-	(15)	-
Amounts due from joint venture	30	(10,878)	-	(10,878)
Increase/(decrease) in:				
Trade payables	(16,526)	12,956	(47,233)	36,854
Other payables, accruals and provision	(142,684)	37,938	51,039	(29,269)
Bills payable to banks	(1,850)	(12,169)	464	(22,195)
Cash generated from operating activities	9,774	61,581	189,640	274,963
Interest received	1,262	1,065	4,614	2,764
Income tax paid	(8,022)	(2,439)	(33,144)	(17,339)
Net cash generated from operating activities (Note 1)	3,014	60,207	161,110	260,388
Cash flows from investing activities:				
Purchase of property, plant and equipment	(236)	(3,055)	(3,791)	(6,371)
Purchase of intangible assets, net of amount on credit terms	(60,372)	(29,686)	(209,516)	(96,972)
Proceeds from grants	5,000	-	39,526	12,128
Decrease/(increase) in prepayment for property, plant and equipment and intangible assets	1,397	22,002	(953)	32,495
Proceeds from disposal of property, plant and equipment	5,178	389	5,257	4,229
Proceeds from disposal of intangibles	-	(786)	-	-
Proceeds from disposal of land use rights	-	895	-	895
Proceeds from disposal of investment property	-	-	-	1,849
Net cash inflow/(outflow) on acquisition of a subsidiary	-	1,002	-	(174,772)
Proceeds from disposal of available-for-sale financial instrument	3,289	-	3,289	-

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

	Group		Group	
	For 3 Months Ended		For 12 Months Ended	
	31.12.13	31.12.12	31.12.13	31.12.12
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayment for investment in a subsidiary	(126,049)	-	(126,049)	-
Incorporation of an associate	(12,000)	-	(12,000)	-
Capital injection into joint venture	-	-	(11,550)	-
Dividend declared by joint venture	14,250	11,000	14,250	11,000
Net cash (used in)/generated from investing activities	(169,543)	1,761	(301,537)	(215,519)
Cash flows from financing activities:				
Proceeds from bank and other borrowings	468,333	264,401	918,333	742,097
Repayment of bank and other borrowings	(129,010)	(96,081)	(675,168)	(661,579)
Proceeds from sale and leaseback arrangement	-	-	100,000	-
Repayment under sale and leaseback arrangement	(8,333)	-	(16,667)	-
Interest paid	(29,087)	(26,962)	(123,167)	(97,196)
Purchase of treasury shares	-	(96)	-	(96)
Settlement of dividend payables due to former shareholder	-	-	-	(7,887)
Contribution from non-controlling interests upon additional capital injection of a subsidiary	32,450	-	64,900	-
Disposal of interest in a subsidiary	250	-	250	-
Acquisition of non-controlling interests in subsidiaries	(6,008)	-	(6,008)	-
Contribution from non-controlling interests upon incorporation of a subsidiary	-	-	-	6,900
Return of capital to non-controlling interests upon capital reduction of a subsidiary	-	-	-	(27,000)
Dividend paid to non-controlling interest in a subsidiary	(3,200)	-	(3,200)	-
Proceeds from share placement, net	1,272,330	-	1,272,330	-
Increase in short-term bank deposits	(90,000)	-	(90,000)	-
Decrease in deposits pledged to banks	1,114	706	4,472	31,673
Net cash generated from/(used in) financing activities	1,508,839	141,968	1,446,075	(13,088)
Net increase in cash and cash equivalents	1,342,310	203,936	1,305,648	31,781
Cash and cash equivalents at beginning of period/ year	448,244	287,643	488,538	458,452
Effects of exchange rate changes on the balance of cash held in foreign currencies	(1,720)	(3,041)	(5,352)	(1,695)
Cash and cash equivalents at end of period/ year	1,788,834	488,538	1,788,834	488,538
Cash and cash equivalents at end of period/ year				
Cash and bank balances	1,902,816	516,992	1,902,816	516,992
Less: Bank deposits	(113,982)	(28,454)	(113,982)	(28,454)
Cash and cash equivalents	1,788,834	488,538	1,788,834	488,538

Note 1

In accordance with the application of INT FRS 112 *Service Concession Arrangements* and FRS 7 *Statement of Cash Flows*, the movement in the receivables under service concession arrangements has been classified under operating activities. The movement in working capital changes for FY2013 and 4QFY2013 includes cash outflow in relation to the additions of receivables under service concession arrangements (i.e. arising from the construction and/or purchase of water treatment facilities) of RMB242.8 million (FY2012: RMB144.1 million) and RMB108.7 million (4QFY2012: RMB97.1 million) respectively. Excluding these additions of receivables under service concession arrangements, the net cash generated from operating activities for FY2013 and 4QFY2013 would be RMB403.9 million (FY2012: RMB404.5 million) and RMB111.7 million (4QFY2012: RMB157.3 million) respectively.

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. – cont'd

GROUP													
	Share capital	Treasury shares	Retained earnings	Other reserves, total	Capital reserve	General Reserve	Translation reserve	Share option reserve	Effects of changes in ownership interest in subsidiaries where there is no change in control	Merger reserve	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 01.01.12	1,136,949	-	53,569	(146,298)	-	42,693	25,883	11,988	(26,547)	(200,315)	1,044,220	253,188	1,297,408
Total comprehensive income for the period	-	-	20,712	(2,255)	-	-	(2,255)	-	-	-	18,457	10,296	28,753
Transfer to general reserve	-	-	(838)	838	-	838	-	-	-	-	-	-	-
Conversion of bonds	16,180	-	-	-	-	-	-	-	-	-	16,180	-	16,180
Non-controlling interest upon incorporation of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	900	900
Balance at 31.03.12	1,153,129	-	73,443	(147,715)	-	43,531	23,628	11,988	(26,547)	(200,315)	1,078,857	264,384	1,343,241
Total comprehensive income for the period	-	-	23,984	1,796	-	-	1,796	-	-	-	25,780	11,023	36,803
Transfer to general reserve	-	-	(6,467)	6,467	-	6,467	-	-	-	-	-	-	-
Balance at 30.06.12	1,153,129	-	90,960	(139,452)	-	49,998	25,424	11,988	(26,547)	(200,315)	1,104,637	275,407	1,380,044
Total comprehensive income for the period	-	-	28,647	(5,882)	-	-	(5,882)	-	-	-	22,765	11,012	33,777
Transfer to general reserve	-	-	(3,579)	3,579	-	3,579	-	-	-	-	-	-	-
Expiry of non-exercised employee share option	-	-	11,988	(11,988)	-	-	-	(11,988)	-	-	-	-	-
Arising on acquisition of subsidiary	-	-	-	45,105	45,000	-	105	-	-	-	45,105	119,066	164,171
Non-controlling interest upon incorporation of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	6,000	6,000
Dividend payment to former shareholder	-	-	-	-	-	-	-	-	-	-	-	(2,451)	(2,451)
Return of capital to non-controlling interests upon capital reduction of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(27,000)	(27,000)
Balance at 30.09.12	1,153,129	-	128,016	(108,638)	45,000	53,577	19,647	-	(26,547)	(200,315)	1,172,507	382,034	1,554,541
Total comprehensive income for the period	-	-	57,173	11,311	-	-	11,311	-	-	-	68,484	14,398	82,882
Transfer to general reserve	-	-	4,688	(4,688)	-	(4,688)	-	-	-	-	-	-	-
Purchase of treasury shares	-	(96)	-	-	-	-	-	-	-	-	(96)	-	(96)
Acquisition of subsidiary	-	-	-	71,740	81,786	-	(10,046)	-	-	-	71,740	90,033	161,773
Balance at 31.12.12	1,153,129	(96)	189,877	(30,275)	126,786	48,889	20,912	-	(26,547)	(200,315)	1,312,635	486,465	1,799,100

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. – cont'd

COMPANY	Share capital	Treasury shares	Retained earnings/ (Accumulated losses)	Other reserves, total	Translation reserve	Share option reserve	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 01.01.13	1,153,129	(96)	(80,029)	42,324	42,324	-	1,115,328
Total comprehensive loss for the period	-	-	(1,616)	(15,354)	(15,354)	-	(16,970)
Settlement of consideration for acquisition of subsidiary	102,321	-	-	-	-	-	102,321
Balance at 31.03.13	1,255,450	(96)	(81,645)	26,970	26,970	-	1,200,679
Total comprehensive loss for the period	-	-	(4,152)	(25,321)	(25,321)	-	(29,473)
Balance at 30.06.13	1,255,450	(96)	(85,797)	1,649	1,649	-	1,171,206
Total comprehensive loss for the period	-	-	(5,753)	(15,756)	(15,756)	-	(21,509)
Balance at 30.09.13	1,255,450	(96)	(91,550)	(14,107)	(14,107)	-	1,149,697
Total comprehensive income for the period	-	-	146,779	(23,997)	(23,997)	-	122,782
Share placement, net	1,257,050	-	-	-	-	-	1,257,050
Balance at 31.12.13	2,512,500	(96)	55,229	(38,104)	(38,104)	-	2,529,529
Balance at 01.01.12	1,136,949	-	(57,993)	12,175	187	11,988	1,091,131
Total comprehensive loss for the period	-	-	(11,127)	30,144	30,144	-	19,017
Conversion of bonds	16,180	-	-	-	-	-	16,180
Balance at 31.03.12	1,153,129	-	(69,120)	42,319	30,331	11,988	1,126,328
Total comprehensive loss for the period	-	-	(6,336)	(676)	(676)	-	(7,012)
Balance at 30.06.12	1,153,129	-	(75,456)	41,643	29,655	11,988	1,119,316
Total comprehensive loss for the period	-	-	(12,790)	22,268	22,268	-	9,478
Expiry of non-exercised employee share option	-	-	11,988	(11,988)	-	(11,988)	-
Balance at 30.09.12	1,153,129	-	(76,258)	51,923	51,923	-	1,128,794
Total comprehensive loss for the period	-	-	(3,771)	(9,599)	(9,599)	-	(13,370)
Purchase of treasury shares	-	(96)	-	-	-	-	(96)
Balance at 31.12.12	1,153,129	(96)	(80,029)	42,324	42,324	-	1,115,328

- 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 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

	Group and Company	
	Number of ordinary shares	Share Capital RMB'000
<u>Issued and paid up share capital</u>		
Balance at 1 January 2013	5,055,947,517	1,153,129
Settlement of acquisition consideration	433,626,615	102,321
Balance at 31 March 2013, 30 June 2013 and 30 September 2013	5,489,574,132	1,255,450
Share Placement of 3,100,000,000 shares	3,100,000,000	1,257,050
Balance at 31 December 2013	8,589,574,132	2,512,500

As at 31 December 2013, the number of ordinary shares in issue was 8,589,574,132, of which 282,000 shares were held by the Company as treasury shares (31 December 2012: 5,055,947,517 ordinary shares, of which 282,000 shares were held as treasury shares).

Asia Water Share Option Scheme ("ESOS")/ Asia Water Share Option Scheme 2012 ("ESOS 2012")/ Asia Water Share Award Scheme ("ESAS")

The Company has terminated the ESOS and adopted the ESOS 2012 and ESAS following the approval by the shareholders of the Company at the extraordinary general meeting held on 27 April 2012.

All the unexercised options granted under the ESOS have expired on 13 August 2012. There were no options granted under the ESOS 2012 or ESAS Awards granted the ESAS plan since the date of approval by the shareholders.

- 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.**

As at 31 December 2013, there were 282,000 treasury shares held (31 December 2012: 282,000). Total number of issued shares excluding treasury shares, as at 31 December 2013 was 8,589,292,132 (31 December 2012: 5,055,665,517).

- 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 reported on.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares for the financial year ended 31 December 2013.

2. Whether the figures have been audited, or reviewed and in accordance with which 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 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 as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year, consistent with those of the audited financial statements as at 31 December 2012.

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 relevant FRSs to the Group are FRS 1 *Presentation of Items of Other Comprehensive Income* and FRS 113 *Fair Value Measurement*. The Group has early adopted FRS 110 *Consolidated Financial Statements*, FRS 111 *Joint Arrangements* and FRS 112 *Disclosure of Interests in Other Entities*. The adoption of the amended FRS 1, FRS 110, FRS 111, FRS 112 and FRS 113 have no material impact on the financial performance or position of the Group and the Company.

FRS 1 *Presentation of Items of Other Comprehensive Income*

The amendment on Other Comprehensive Income ("OCI") presentation under FRS 1 will require the group to present in separate groupings, OCI items that might be recycled i.e., reclassified to profit or loss and those items that would not be recycled.

FRS 110 *Consolidated Financial Statements*

FRS 110 defines the principal of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights and other contractual rights.

FRS 111 *Joint Arrangements*

FRS 111 classifies a joint arrangement as either a joint operation or a joint venture based on the parties' rights and obligations under the arrangement where the existence of a separate legal vehicle is no longer the key factor.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

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. (cont'd)**

FRS 113 Fair Value Measurement

FRS 113 is a single new standard that applies to both financial and non-financial items. FRS 113 provides a common fair value definition and hierarchy applicable to the fair value measurement of assets, liabilities, and an entity's own equity instruments within its scope, but does not change the requirements in other Standards regarding which items should be measured or disclosed at fair value.

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

	3 Months Ended		12 Months Ended	
	31.12.13	31.12.12	31.12.13	31.12.12
Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:-				
(i) Based on weighted average number of ordinary shares in issue (RMB cents)	0.54	1.13	2.72	2.58
- Weighted average number of shares ('000)	5,792,553	5,055,850	5,512,270	5,050,189
(ii) On a fully diluted basis of ordinary shares (RMB cents)	0.53	1.13	2.70	2.58
- Weighted average number of shares ('000)	5,851,954	5,060,563	5,554,745	5,051,370

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
	RMB cents	RMB cents
As at 31 December 2013	31.78	29.45
As at 31 December 2012	25.96	22.06

Net asset value per share is calculated based on the number of shares in issue (excluding treasury shares) of 8,589,292,132 as at 31 December 2013 (31 December 2012: 5,055,665,517).

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 affect the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

STATEMENT OF COMPREHENSIVE INCOME

Overall Review

The Group recorded an increase in revenue from RMB804.5 million in FY2012 to RMB1.21 billion in FY2013, representing an increase of 51.0%. Gross profit ("GP") has increased 30.3%, from RMB277.4 million in FY2012 to RMB361.5 million in FY2013.

Notwithstanding the (i) foreign exchange loss of RMB13.2 million in FY2013 (FY2012: foreign exchange gain of RMB10.7 million); (ii) impairment loss on goodwill on consolidation; (iii) higher interest expense; and (iv) higher income tax expense, the Group recorded an increase in profit after tax (attributable to owners of the Company) from RMB130.5 million in FY2012 to RMB150.1 million in FY2013, representing an increase of 15.0%.

The increase was due mainly to (i) contribution from Nanfang Water Co., Ltd and its subsidiaries ("**Nanfang Group**"), which was acquired in 3QFY2012; and (ii) higher construction GP recognised in FY2013.

For more details on the analysis of the Group's performance, please refer to the following sections below.

(A) Revenue

	4QFY2013	4QFY2012	Changes	FY2013	FY2012	Changes
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Construction revenue	253,566	124,460	103.7	485,740	205,711	136.1
Water treatment and water supply	181,437	145,344	24.8	681,349	532,895	27.9
Others	1,582	12,015	(86.8)	47,385	65,873	(28.1)
Total	436,585	281,819	54.9	1,214,474	804,479	51.0

Overall, the Group's revenue increased by (i) RMB410.0 million or 51.0%, from RMB804.5 million in FY2012 to RMB1.21 billion in FY2013; and (ii) RMB154.8 million or 54.9%, from RMB281.8 million in Q4FY2012 to RMB436.6 million in Q4FY2013. Except for other revenue category, revenue across all revenue categories increased in FY2013 and Q4FY2013 as compared to FY2012 and Q4FY2012 respectively.

8. A review of the performance of the group – cont'd.

(A) Revenue (cont'd)

Construction Revenue/ Water Treatment and Water Supply Revenue

Construction revenue amounted to RMB253.6 million and RMB485.7 million in 4QFY2013 and FY2013 respectively (4QFY2012: RMB124.5 million; FY2012: RMB205.7 million).

Water treatment and water supply revenue amounted to RMB181.4 million and RMB681.3 million in 4QFY2013 and FY2013 respectively (4QFY2012: RMB145.3 million; FY2012: RMB532.9 million).

The higher revenue was due mainly to full year contribution from the Nanfang Group, contrast against 5 months contribution in FY2012. In addition, under the construction revenue category, the substantial completion of certain projects in 4QFY2013 and FY2013 contributed further to the increase in revenue when compared to 4QFY2012 and FY2012.

Other Revenue

Other revenue amounted to RMB1.6 million and RMB47.4 million in 4QFY2013 and FY2013 respectively (4QFY2012: RMB12.0 million; FY2012: RMB65.9 million). The decrease in other revenue was due mainly to reduction in installation works carried out, which are ad-hoc in nature.

(B) Gross Profit ("GP") / Gross Profit Margin ("GPM")

The Group's GP increased by RMB46.1 million or 79.8% from RMB57.9 million in 4QFY2012 to RMB104.0 million in 4QFY2013. Meanwhile, GP increased by RMB84.1 million or 30.3% from RMB277.4 million in FY2012 to RMB361.5 million in FY2013. The increase was due mainly to (i) full year contribution from the Nanfang Group, contrast against 5 months contribution in FY2012; and (ii) higher level of completion and margin achieved by certain projects during the period/ year.

GPM increased by 3.3 percentage point from 20.5% in 4QFY2012 to 23.8% in 4QFY2013, due mainly to higher construction margin during 4QFY2013. Meanwhile, GPM decreased by 4.7 percentage point from 34.5% in FY2012 to 29.8% in FY2013. The decrease was due mainly to higher contribution from construction category (which has a lower GPM).

(C) Other Operating Income

Other operating income for 4QFY2013 and FY2013 amounted to RMB18.0 million (4QFY2012: RMB1.9 million) and RMB27.3 million (FY2012: RMB15.2 million) respectively. The increase in the operating income was due mainly to higher income from installation of water meters.

(D) Selling and Distribution Costs

Selling and distribution costs for FY2013 amounted to RMB15.2 million (FY2012: RMB17.9 million). The decrease was due mainly to lower selling and distribution activities in relation to our engineering, procurement and commissioning ("EPC") business.

There was no significant variance noted for 4QFY2013 when compared to 4QFY2012.

8. A review of the performance of the group – cont'd.

(E) Administrative and Other Expenses

The Group's administrative and other expenses for 4QFY2013 and FY2013 amounted to RMB87.5 million (4QFY2012: RMB43.9 million) and RMB166.5 million (FY2012: RMB116.5 million). The relatively higher administrative and other expenses was due mainly to (i) full year contribution from the Nanfang Group, contrast against 5 months contribution in FY2012; (ii) foreign exchange loss (resulting from movement of RMB against SGD) in FY2013, as contrast against foreign exchange gain in FY2012; and (iii) lower reversal of allowance for doubtful receivables.

(F) Finance Income

Finance income decreased from RMB77.0 million in 4QFY2012 to RMB51.5 million in 4QFY2013, due mainly to the reassessment of accounting estimates on the recognition of operating income, financial income and repayment of financial receivables in 4QFY2012.

Overall, finance income increased from RMB124.4 million in FY2012 to RMB194.4 million in FY2013, due mainly to contribution from the Nanfang Group in relation to financial income from service concession arrangements.

(G) Finance Expenses

Finance expenses increased from RMB102.9 million in FY2012 to RMB125.7 million in FY2013. The increase was due mainly to (i) contribution from the Nanfang Group, which was acquired in 3QFY2012; and (ii) higher bank and other borrowings drawn down in FY2013.

There was no significant variance noted for 4QFY2013 when compared to 4QFY2012.

(H) Other Expenses

Other expenses for 4QFY2013 and FY2013 amounted to RMB6.8 million (4QFY2012: RMB0.3 million) and RMB10.7 million (FY2012: RMB3.3 million). The other expenses recognised during the year relates to impairment of goodwill relating to the EPC cash generating unit ("CGU") to better reflect the recoverable amounts of the CGU.

(I) Share of Results of Associates/ Share of Results of Joint Venture

The share of results of associates and joint venture represents the Group's share of results in investments which are accounted for using equity method.

8. A review of the performance of the group – cont'd.

(J) Income Tax Expense

Income tax expense for 4QFY2013 and FY2013 amounted to RMB8.9 million (4QFY2012: RMB1.4 million) and RMB74.2 million (FY2012: RMB27.6 million) respectively. The higher income tax expense was due mainly to (i) higher taxable profits; (ii) withholding tax on dividend and distributable profits of the PRC entities within the Group; and (iii) lower write-back for over-provisioning of tax in respect of prior years during the period/ year.

(K) Amortisation of Intangible Assets/ Amortisation of Land Use Rights

Amortisation of intangible assets/ land use rights increased from RMB38.8 million in FY2012 to RMB45.8 million in FY2013, due mainly to higher contribution from the Nanfang Group, which was acquired in 3QFY2012. Purchase price allocation exercise was carried out during 4QFY2013 in relation to Nanfang Group, resulting in higher amortisation expense during 4QFY2012.

STATEMENTS OF FINANCIAL POSITION

(L) Current Assets

Current assets as at 31 December 2013 amounted to RMB2.54 billion (31 December 2012: RMB1.23 billion). The increase was due mainly to (i) net proceeds raised from shares placement; (ii) higher trade receivables due to billings raised and reversal of certain allowance for doubtful receivables, offset partially by collections. The increase was partially offset by (i) net collection of other receivables and amounts due from joint venture; and (ii) transfer of “Prepayments” to “Receivables under Service Concession Arrangements (non-current)” following the completion of construction of certain water treatment facilities.

(M) Non-current Assets

Non-current assets as at 31 December 2013 amounted to RMB4.11 billion (31 December 2012: RMB3.67 billion). The increase was due mainly to (i) higher receivables under service concession arrangements and intangibles arising from costs incurred for certain service concession arrangement projects; (ii) prepayment made for acquisition of a subsidiary, Shanghai Qingpu Second Waste Water Treatment Plant Co., Limited (“**Shanghai Qingpu**”); (iii) increase in interest in joint venture arising from capital injection, partially offset by dividend received from the joint venture; and (iv) investment in a newly set-up associate, Sichuan SIIC Environment Investment Development Co., Ltd.. The increase was partially offset by (i) impairment of goodwill; (ii) lower net book value of property, plant and equipment due to depreciation; and (iii) lower deferred tax assets due to timing differences.

8. A review of the performance of the group – cont'd.

(N) Current Liabilities

Current liabilities as at 31 December 2013 amounted to RMB2.10 billion (31 December 2012: RMB1.36 billion). The increase was due mainly to (i) higher bank and other borrowings, including new loans obtained from SIHL Finance Limited (a wholly owned subsidiary of Shanghai Industrial Holdings Limited, a controlling shareholder of the Company) during the year; and (ii) finance lease commitment arising from sale and leaseback arrangement of certain water treatment plant assets. The increase was offset partially by lower amounts due to customers for contract work and customer advances due to settlement during the year.

(O) Non-current Liabilities

Non-current liabilities as at 31 December 2013 amounted to RMB1.27 billion (31 December 2012: RMB1.74 billion). The decrease was due mainly to the reduction in non-current bank and other borrowings. This was partially offset by (i) finance lease commitment during the year; and (ii) higher deferred tax liabilities due to timing differences.

(P) STATEMENT OF CASH FLOWS

As at 31 December 2013, the Group's cash and cash equivalents stood at RMB1.79 billion (31 December 2012: RMB488.5 million). In FY2013, net cash of RMB161.1 million was generated from the Group's operating activities. Net cash used in the Group's investing activities of RMB301.5 million in FY2013 was due mainly to (i) purchase of intangibles; and (ii) prepayment made for acquisition in Shanghai Qingpu. Net cash generated from financing activities of RMB1.45 billion in FY2013 was due mainly to (i) proceeds from share placement; (ii) net draw down of bank and other borrowings; and (iii) net proceeds from sale and leaseback arrangement.

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

No forecast or prospect statement has been previously disclosed to shareholders.

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.

Over the next 12 months, the Group will continuously seek to reinforce its position as a top-tier player in the People's Republic of China ("**PRC**") environmental protection industry by strengthening its assets portfolio and expanding its recurring income base arising from the Group's long term concessionary rights and operation and management projects, including water treatment and waste incineration projects. In particular, the Group will seek to expand its assets portfolio through merger and acquisition opportunities as well as through organic growth such as investment in greenfield project opportunities, capacity expansion of subsequent phases and output water quality upgrading works. In the longer term, the Group may also explore other environmental protection areas such as thermal power generation, air purification and soil treatment.

On 23 December 2013, the Group has completed the proposed placement of 3.1 billion new ordinary shares ("**Proposed Placement**"), priced at S\$0.085 per share and has raised net proceeds of approximately S\$260.2 million ("**Net Proceeds**"). With the Net Proceeds, the Group is in a stronger position financially to pursue the above expansion plan.

Since the completion of the Proposed Placement and consistent with the Group's expansion strategy, the Group has deployed part of the Net Proceeds to fund its business expansion, including (i) utilisation of RMB530 million for the acquisition of 50% stake Shanghai Pucheng Thermal Power Energy Co., Ltd. ("**Shanghai Pucheng**"); (ii) additional investment of RMB28 million in Dalian Xinya Hengji Environmental Co., Ltd. ("**Dalian Xinya**"); and (iii) RMB84 million for the acquisition of 100% stake in Dazhou Jiajing Environment Renewable Resource Co., Ltd. ("**Dazhou Jiajing**"). The Group has also been awarded to undertake the expansion and upgrading of Hanxi Waste Water Treatment Plant ("**Hanxi Plant**") that will increase the daily design capacity of Hanxi Plant from the existing 400,000 tons/day to 600,000 tons/day.

The on-going favourable policies by the PRC Government in supporting the growth of water treatment and supply sector as well as waste incineration sector would augur well for the Group as it rides on these favorable industry dynamics and opportunities to further invest in and to consolidate environmental protection assets in the PRC.

The Group will make further announcements via the SGXNet in connection with the utilisation of the remaining Net Proceeds and potential investment opportunities as and when necessary and appropriate.

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 or recommended.

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

No IPT mandate has been obtained from shareholders.

14. 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). If there are no such persons, the issuer must make an appropriate negative statement

Pursuant to Rule 704(13), we confirm that there is no person occupying managerial positions in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

15. **Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year. – cont'd**

Group	Revenue		Non-current Assets		Capital Expenditure	
	FY2013	FY2012	FY2013	FY2012	FY2013	FY2012
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
PRC	1,214,474	804,479	4,114,239	3,667,472	331,606	121,240
Singapore	-	-	401	619	19	402

16. **In view of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to paragraph 8.

17. **A breakdown of sales**

Group	FY2013	FY2012	Increase/ (Decrease)
	RMB'000	RMB'000	%
Sales reported for first half year	498,236	336,406	48.1
Operating profit after tax before deducting minority interests reported for first half year	115,579	66,015	75.1
Sales reported for second half year	716,238	468,073	53.0
Operating profit after tax before minority interests reported for second half year	99,043	111,230	(11.0)

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

Total Annual Dividend	FY2013	FY2012
Ordinary	None	None
Preference	None	None
Total	None	None

19. Status on the use of net proceeds raised from Rights Issue and Share Placement.

The Company raised approximately S\$72.8 million and S\$260.2 million of net proceeds from a Rights Issue and share placement exercise in March 2011 and December 2013 respectively. Deployment of the net proceeds has been in accordance with the intended utilisation of the share placement proceeds to finance the Group's business expansions and enlarge the general working capital of the Group as stated in the Offer Information Statement dated 2 March 2011 and Circular to Shareholder dated 3 December 2013. Unless otherwise defined, all terms and references used herein shall bear the same meaning ascribed to them in the respective announcements.

(a) The status on the use of net proceeds from Rights Issue is summarised as follow:-

	S\$ 'million	Remarks
Net proceeds raised from Rights Issue in March 2011	72.8	
<u>Less utilisation:</u>		
- Payment of Tranche 1 Consideration in connection with the acquisition of Lap Yin International Limited ("Lap Yin")	(15.8)	Please refer to announcement made on 20 July 2011 via SGXNet.
- Payment of Transfer Consideration in connection with the transfer of Wuhan Huang-Pi equity interest	(27.4)	Please refer to announcement made on 16 November 2011 via SGXNet.
- Payment for the initial capital injection into Dalian Xinya	(0.4)	Please refer to announcement made on 6 March 2012 via SGXNet.
- Payment for Cash Consideration I in connection with the acquisition of Rise Wealth Investments Ltd	(14.0)	Please refer to announcement made on 18 June 2012 via SGXNet.
- Payment for additional capital injection into Dalian Xinya	(2.8)	Please refer to announcement made on 10 August 2012 via SGXNet.
- Payment for Tranche 3 Consideration in connection with the acquisition of Lap Yin	(0.4)	Please refer to announcement made on 27 February 2013 via SGXNet.
- Payment for additional capital injection into Wenling Hanyang Resources Power Co., Ltd.	(2.4)	
- General working capital uses**	(9.0)	
Balance of net proceeds raised from Rights Issue as at date of this result announcement	0.6	
<u>** Breakdown of general working capital uses:</u>		
- Payments for procurement of equipment	(1.6)	
- Payments for various professional services	(1.4)	
- Payments of interest expenses	(6.0)	
Total	(9.0)	

19. Status on the use of net proceeds raised from Rights Issue and Share Placement – cont'd

(b) The status on the use of net proceeds from share placement is summarised as follow:-

	S\$ 'million	Remarks
Net proceeds raised from share placement in December 2013	260.2	
<u>Less utilisation:</u>		
- Payment for purchase consideration in relation to the acquisition of 50% equity interest in the registered capital of Shanghai Pucheng.	(109.5)	Please refer to announcement made on 23 January 2014 via SGXNet.
- Additional capital injection in Dalian Xinya.	(5.8)	Please refer to announcement made on 27 January 2014 via SGXNet.
- Payment for purchase consideration in relation to the acquisition of 100% equity interest in registered capital of Dazhou Jiajing.	(17.4)	Please refer to announcement made on 11 February 2014 via SGXNet.
Balance of net proceeds raised from share placement as at date of this result announcement	127.5	

BY ORDER OF THE BOARD

LIU YUJIE
Executive Director

19 February 2014