



SIIC ENVIRONMENT HOLDINGS LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No: 200210042R)

Unaudited Financial Statements and Dividend
Announcement for the First Quarter and Three Months
ended 31 March 2016

27 April 2016

Table of Contents

	Page No
Consolidated Statement of Comprehensive Income	1
Statements of Financial Position	3
Consolidated Statement of Cash Flows	5
Statements of Changes in Equity	8
Review of Performance	14
Outlook	17
Board Confirmation	20



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

First Quarter of Financial Year 2016 Financial Statements And Dividend Announcement

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.

UNAUDITED RESULTS FOR THE FIRST QUARTER (“1QFY2016”) ENDED 31 MARCH 2016

	Note	← Group →		Changes %
		3 Months Ended		
		31.3.16 RMB'000	31.3.15 RMB'000	
Revenue	(A)	563,031	373,975	50.6
Cost of sales		(386,457)	(222,404)	73.8
Gross profit	(B)	176,574	151,571	16.5
Other operating income	(C)	12,281	10,627	15.6
Selling and distribution costs	(D)	(6,359)	(3,657)	73.9
Administrative expenses	(E)	(44,587)	(32,027)	39.2
Other operating expenses	(C)	(2,105)	-	N.M.
Profit from operations		135,804	126,514	7.3
Finance income		1,792	1,901	(5.7)
Finance expenses	(F)	(46,058)	(37,074)	24.2
Other income	(G)	17,300	5,516	>100
Share of results of joint ventures	(H)	17,995	11,624	54.8
Share of results of associates	(H)	5,347	868	>100
Profit before tax	(i)	132,180	109,349	20.9
Income tax expense	(ii)	(26,022)	(25,166)	3.4
Profit for the period		106,158	84,183	26.1
Other comprehensive income: <i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation, net of tax		55,092	(42,721)	N.M.
Investment revaluation reserve	(K)	15,172	36,975	(59.0)
Total comprehensive income for the period		176,422	78,437	>100
Profit for the period attributable to:				
Owners of the Company		89,454	68,373	30.8
Non-controlling interests		16,704	15,810	5.7
		106,158	84,183	26.1
Total comprehensive income attributable to:				
Owners of the Company		159,718	62,627	>100.0
Non-controlling interests		16,704	15,810	5.7
		176,422	78,437	>100.0

N.M. – Not Meaningful

Notes:

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

	3 Months Ended	
	31.3.16	31.3.15
	RMB'000	RMB'000
Amortisation of intangible assets (Note I)	32,924	18,362
Amortisation of land use rights	55	49
Depreciation of property, plant and equipment	3,001	3,124
Written off of property, plant and equipment	-	33
Loss/(Gain) on disposal of property, plant and equipment (Note E)	261	(3,096)
Foreign exchange loss/(gain), net (Note C)	2,105	(4,993)
Reversal for doubtful receivables (trade)	(1,769)	(639)
(Reversal)/Allowance for doubtful receivables, net (non-trade)	(5,056)	275
Fair value gain from held-for-trading investment	(1,780)	(177)

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

	12 Months Ended	
	31.3.16	31.3.15
	RMB'000	RMB'000
(Over)/under provision of tax in respect of prior periods	(270)	403

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 31.3.16	As At 31.12.15	As At 31.3.16	As At 31.12.15
		RMB'000	RMB'000	RMB'000	RMB'000
Current assets					
Cash and cash equivalents		866,361	795,228	52,341	69,565
Pledged bank deposits		81,920	76,768	-	-
Trade and other receivables		657,944	864,194	710	7,228
Bills receivables		1,870	939	-	-
Prepayments		16,157	14,773	1,461	1,535
Inventories		25,281	20,768	-	-
Receivables under service concession arrangements		127,153	123,816	-	-
Amounts due from customers for contract work		99,276	68,780	-	-
Amounts due from subsidiaries		-	-	2,090,448	2,088,783
Amounts due from joint venture		462	1,437	462	1,437
Amounts due from associate		28,049	20,836	-	-
Held-for-trading investment		21,942	19,222	-	-
Total current assets	(J)	1,926,415	2,006,761	2,145,422	2,168,548
Non-current assets					
Available-for-sale financial instruments		213,079	191,836	13,144	12,567
Prepayments		56,426	336,363	-	-
Receivables under service concession arrangements		4,790,386	4,663,830	-	-
Property, plant and equipment		107,516	104,921	1,885	352
Intangible assets		3,726,879	3,219,714	-	-
Land use rights		6,652	4,720	-	-
Retention monies		5,731	4,118	-	-
Deferred tax assets		23,270	16,940	-	-
Investment in subsidiaries		-	-	2,457,880	2,349,890
Interest in joint ventures		705,166	661,128	529,284	506,029
Interest in associates		580,525	557,703	-	-
Goodwill on consolidation		457,241	457,241	-	-
Amounts due from associate		14,543	19,543	-	-
Total non-current assets	(K)	10,687,414	10,238,057	3,002,193	2,868,838
Total assets		12,613,829	12,244,818	5,147,615	5,037,386
Current liabilities					
Trade and other payables		1,002,039	1,017,417	19,099	17,380
Bills payable to banks		28,016	12,376	-	-
Tax payable		26,988	32,125	-	-
Amounts due to customers for contract work		24,045	20,934	-	-
Amounts due to subsidiaries		-	-	53,376	133,193
Bank and other borrowings		1,948,687	1,937,976	10,950	10,469
Finance lease		8,333	16,667	-	-
Total current liabilities	(L)	3,038,108	3,037,495	83,425	161,042
Non-current liabilities					
Bank and other borrowings		1,836,648	1,768,875	113,151	113,415
Deferred tax liabilities		882,147	791,837	-	-
Other non-current liabilities		73,634	67,162	-	-
Total non-current liabilities	(M)	2,792,429	2,627,874	113,151	113,415
Capital, reserves and non-controlling interest					
Share capital		4,861,138	4,861,138	4,861,138	4,861,138
Treasury shares		(96)	(96)	(96)	(96)
Retained earnings		887,081	797,571	77,918	107,746
Other reserves		(76,843)	(147,051)	12,079	(205,859)
Equity attributable to owners of the Company		5,671,280	5,511,562	4,951,039	4,762,929
Non-controlling interests		1,112,012	1,067,887	-	-
Total equity		6,783,292	6,579,449	4,951,039	4,762,929
Total liabilities and equity		12,613,829	12,244,818	5,147,615	5,037,386

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 31.3.16 RMB'000		As at 31.12.15 RMB'000	
Secured/ Guaranteed	Unsecured/ Unguaranteed	Secured/ Guaranteed	Unsecured/ Unguaranteed
1,646,076	338,960	1,627,658	339,362

Amount repayable after one year

As at 31.3.16 RMB'000		As at 31.12.15 RMB'000	
Secured/ Guaranteed	Unsecured/ Unguaranteed	Secured/ Guaranteed	Unsecured/ Unguaranteed
970,021	866,627	953,180	815,695

Details of any collateral

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 intangible 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	
	For 3 Months Ended	
	31.3.16	31.3.15
	RMB'000	RMB'000
Cash flows from operating activities		
Profit before tax	132,180	109,349
Adjustments for:		
Reversal for doubtful receivables, net (trade)	(1,769)	(639)
(Reversal)/Allowance for doubtful receivables, net (non-trade)	(5,056)	275
Depreciation of property, plant and equipment	3,001	3,124
Property, plant and equipment written off	-	33
Amortisation of intangible assets	32,924	18,362
Amortisation of land use rights	55	49
Loss/(Gain) on disposal of property, plant and equipment	261	(3,096)
Finance income	(1,792)	(1,901)
Finance expenses	46,058	37,074
Share of results of associates	(5,347)	(868)
Share of results of joint ventures	(17,995)	(11,624)
Foreign exchange loss/(gain)	5,699	(6,656)
Fair value gain from held for trading investment	(1,780)	(177)
Operating cash flow before working capital changes	186,439	143,305
(Increase)/decrease in:		
Inventories	(1,270)	(2,335)
Amounts due from/to customers for contract work, net	(27,560)	5,751
Trade receivables, other receivables and prepayments	161,128	(35,739)
Bills receivables	(931)	1,517
Receivables under service concession arrangements	(124,700)	(127,882)
Amounts due from joint ventures	819	824
Amounts due from associate	497	-
Increase/(decrease) in:		
Trade payables and other payables(inclusive of non-current liabilities)	(82,134)	14,559
Bills payable to banks	690	(8,436)
Cash from/(used in) operating activities	112,978	(8,436)
Interest received	1,259	1,901
Income tax paid	(18,298)	(18,585)
Net cash from/(used in) operating activities (Note A)	95,939	(25,120)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(4,563)	(4,729)
Purchase of intangible assets, net of amount on credit terms	(19,814)	(18,333)
Proceeds from grants	-	7,300
Increase in prepayment for property, plant and equipment and intangible assets	(1,694)	(923)
Proceeds from disposal of property, plant and equipment	155	-
Net cash inflow on acquisition of subsidiaries (Note B)	28,190	-
Net cash outflow on acquisition of an associate	(150)	-
Dividend received from joint ventures	-	100
Dividend received from associates	120	-
Net cash outflow on investment in held-for-trading financial instrument	-	(18,476)
Net cash from/(used in) investing activities	2,244	(35,061)

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	
	For 3 Months Ended	
	31.3.16	31.3.15
	RMB'000	RMB'000
Cash flows from financing activities:		
Proceeds from bank and other borrowings	52,000	238,725
Repayment of bank and other borrowings	(35,521)	(269,361)
Repayment under finance leaseback arrangement	(8,333)	(8,333)
Interest paid	(23,268)	(40,577)
Dividend paid to non-controlling interest in subsidiaries	(4,600)	(8,900)
Decrease in deposits pledged to banks	(5,152)	(3,950)
Net cash used in financing activities	(24,874)	(92,396)
Net increase/(decrease) in cash and cash equivalents	73,309	(152,577)
Cash and cash equivalents at beginning of period	795,228	1,119,272
Effects of exchange rate changes on the balance of cash held in foreign currencies	(2,176)	(2,157)
Cash and cash equivalents at end of period	866,361	964,538
Cash and cash equivalents at end of period		
Cash and bank balances	948,281	1,031,893
Less: Pledged bank deposits	(81,920)	(67,355)
Cash and cash equivalents	866,361	964,538

Note A

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 1QFY2016 includes (i) 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 RMB87.3million (1QFY2015: RMB117.8 million); and (ii) cash inflow in relation to refundable deposit for bidding of service concession projects of RMB100.0 million (1QFY2015: Nil). Excluding these additions of receivables under service concession arrangements and refundable deposits, the net cash generated from operating activities for 1QFY2016 would be RMB83.2 million (1QFY2015: RMB92.7 million).

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

Note B

(i) Acquisition of Yiyang City Tap Water Co., Ltd. (“Yiyang Tap Water”)

In February 2016, the Group has completed the acquisition of 90% equity interest in Yiyang Tap Water for a total purchase consideration of RMB288,188,000. Yiyang Tap Water is engaged principally in the business of water supply, construction, design, supervision and operation of water supply projects and operation of water supply plants.

The purchase price allocation (“PPA”) exercise in respect of the above acquisition has not been completed as at 31 March 2016. The Group has 12 months from date of acquisition to finalise the fair value measurement and accounting as allowed under FRS 103R Business Combinations. For 1QFY2016, the Group has determined that the purchase consideration for this acquisition to approximate the provisional fair value of the net identifiable asset acquired. Accordingly, no provisional goodwill or negative goodwill arising from this acquisition was recognised.

Details of the assets acquired, liabilities recognised and consideration transferred in respect of the above acquisition are as follows:-

	Yiyang Tap Water RMB'000
<u>Provisional fair value of assets acquired and liabilities recognised at the date of acquisition*</u>	
Current assets	38,621
Non-current assets	540,597
Current liabilities	(140,117)
Non-current liabilities	(118,892)
Total identifiable net assets at fair value	320,209
Non-controlling interest measures at fair value	(32,021)
	<u>288,188</u>
<u>Consideration transferred</u>	
Cash prepaid in previous financial year	288,188
Less: Net assets acquired	(288,188)
Goodwill	<u>-</u>
<u>Net cash inflow arising from acquisitions</u>	
Cash consideration paid	-
Less: Cash and cash equivalents acquired	28,190
Net cash inflow on acquisitions	<u>28,190</u>

* The fair value of assets acquired and liabilities recognised presented may be subjected to changes upon the completion and finalisation of the PPA exercise.

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	Attributable to owners of the Company											
	Share capital	Treasury shares	Retained earnings	Other reserves, total	General Reserve	Investment revaluation reserve	Translation 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
Balance at 1.1.16	4,861,138	(96)	797,571	(147,051)	152,213	56,862	(125,638)	(30,173)	(200,315)	5,511,562	1,067,887	6,579,449
Profit for the period	-	-	89,454	-	-	-	-	-	-	89,454	16,704	106,158
<u>Other comprehensive income</u>												
Exchange differences arising on translation, net of tax	-	-	-	55,092	-	-	55,092	-	-	55,092	-	55,092
Fair value change on available-for-sale financial instrument	-	-	-	15,172	-	15,172	-	-	-	15,172	-	15,172
Other comprehensive income for the period, net of tax	-	-	-	70,264	-	15,172	55,092	-	-	70,264	-	70,264
Total comprehensive income for the period	-	-	89,454	70,264	-	15,172	55,092	-	-	159,718	16,704	176,422
<u>Transactions with owners recognised directly in equity</u>												
Transfer to general reserve	-	-	56	(56)	(56)	-	-	-	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	32,021	32,021
Total	-	-	56	(56)	(56)	-	-	-	-	-	32,021	32,021
<u>Others</u>												
Dividend declared to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,600)	(4,600)
Total	-	-	-	-	-	-	-	-	-	-	(4,600)	(4,600)
Balance at 31.3.16	4,861,138	(96)	887,081	(76,843)	152,157	72,034	(70,546)	(30,173)	(200,315)	5,671,280	1,112,012	6,783,292

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	Attributable to owners of the Company										Equity attributable to owners of the Company	Non-controlling interests	Total equity
	Share capital	Treasury shares	Retained earnings	Other reserves, total	General Reserve	Investment revaluation reserve	Translation reserve	Effects of changes in ownership interest in subsidiaries where there is no change in control	Merger reserve				
	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 1.1.15 (restated)	3,278,603	(96)	491,519	(165,747)	97,875	2,099	(39,525)	(25,881)	(200,315)	3,604,279	586,332	4,190,611	
Profit for the period	-	-	68,373	-	-	-	-	-	-	68,373	15,810	84,183	
<u>Other comprehensive income</u>													
Exchange differences arising on translation, net of tax	-	-	-	(42,721)	-	-	(42,721)	-	-	(42,721)	-	(42,721)	
Fair value change on available-for-sale financial instrument	-	-	-	36,975	-	36,975	-	-	-	36,975	-	36,975	
Other comprehensive income for the period, net of tax	-	-	-	(5,746)	-	36,975	(42,721)	-	-	(5,746)	-	(5,746)	
Total comprehensive income for the period	-	-	68,373	(5,746)	-	36,975	(42,721)	-	-	62,627	15,810	78,437	
<u>Transactions with owners recognised directly in equity</u>													
Transfer to general reserve	-	-	76	(76)	(76)	-	-	-	-	-	-	-	
Total	-	-	76	(76)	(76)	-	-	-	-	-	-	-	
<u>Others</u>													
Dividends declare to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(4,560)	(4,560)	
Total	-	-	-	-	-	-	-	-	-	-	(4,560)	(4,560)	
Balance at 31.3.15	3,278,603	(96)	559,968	(171,569)	97,799	39,074	(82,246)	(25,881)	(200,315)	3,666,906	597,582	4,264,488	

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	Attributable to owners of the Company				
	Share capital RMB'000	Treasury shares RMB'000	Retained earnings RMB'000	Other reserves* RMB'000	Total equity RMB'000
Balance at 1.1.16	4,861,138	(96)	107,746	(205,859)	4,762,929
Loss for the period	-	-	(29,828)	-	(29,828)
<u>Other comprehensive income</u>					
Exchange differences arising on translation, net of tax	-	-	-	217,938	217,938
Other comprehensive income for the period, net of tax	-	-	-	217,938	217,938
Total comprehensive (loss)/ income for the period	-	-	(29,828)	217,938	188,110
Balance at 31.3.16	4,861,138	(96)	77,918	12,079	4,951,039
Balance at 1.1.15	3,278,603	(96)	109,251	(141,574)	3,246,184
Profit for the period	-	-	14,609	-	14,609
<u>Other comprehensive loss</u>					
Exchange differences arising on translation, net of tax	-	-	-	(111,512)	(111,512)
Other comprehensive loss for the period, net of tax	-	-	-	(111,512)	(111,512)
Total comprehensive income/ (loss) for the period	-	-	14,609	(111,512)	(96,903)
Balance at 31.3.15	3,278,603	(96)	123,860	(253,086)	3,149,281

* Relates to translation reserve.

- 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 2016 and 31 March 2016	2,256,645,126	4,861,138

As at 31 March 2016, the number of ordinary shares in issue was 2,256,645,126 of which 56,400 shares were held by the Company as treasury shares (31 March 2015: 9,589,574,132 ordinary shares of which 282,000 shares were held as treasury shares).

SIIC Environment Share Options 2012 ("ESOS 2012") and SIIC Environment Share Award Scheme ("ESAS")

There were no options granted under the ESOS 2012 plan or ESAS Awards granted under the ESAS plan since the date of approval by the shareholders on 27 April 2012.

As at 31 March 2016, there were no convertible securities outstanding (31 March 2015: Nil).

- 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 March 2016, there were 56,400 treasury shares held (31 December 2015: 56,400). Total number of issued shares excluding treasury shares, as at 31 December 2015 was 2,256,588,726 (31 December 2015: 2,256,588,726).

- 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 period ended 31 March 2016.

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.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period, consistent with those of the audited financial statements as at 31 December 2015.

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.

No such change in the accounting policies and methods of computation.

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	
	31.3.16	31.3.15
	RMB cents	RMB cents
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)	3.96	3.52
- Weighted average number of shares ('000)	2,256,589	1,944,589
(ii) On a fully diluted basis of ordinary shares (RMB cents)	3.96	3.52
- Weighted average number of shares ('000)	2,256,589	1,944,589

On 25 September 2015, the Company consolidated every five existing issued ordinary shares into one ordinary share in the capital of the Company. The weighted number of ordinary shares used for the calculation of earnings per share for the comparatives had been adjusted for the effect of the share consolidation.

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 March 2016	251.32	219.40
As at 31 December 2015	244.24	211.07

Net asset value per share is calculated based on the number of shares in issue (excluding treasury shares) of 2,256,588,726 as at 31 March 2016 (31 December 2015: 2,256,588,726).

On 25 September 2015, the Company consolidated every five existing issued ordinary shares into one ordinary share in the capital of the Company. The number of issued shares used for the calculation of net asset value per ordinary share as at the end of the immediately preceding financial year had been adjusted for the effect of the share consolidation.

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 RMB374.0 million in 1QFY2015 to RMB563.0 million in 1QFY2016, representing an increase of 50.6%. Gross profit ("GP") has increased from RMB151.6 million in 1QFY2015 to RMB176.6 million in 1QFY2016. Profit from operations improved by 7.3% from RMB126.5 million in 1QFY2015 to RMB135.8 million in 1QFY2016.

Consequently, the Group's profit after tax (attributable to owners of the Company) increased from RMB84.2 million in 1QFY2015 to RMB106.2 million in 1QFY2016, representing an increase of 26.1%.

The increase was due mainly to contribution from newly acquired entities as well as contribution from existing entities.

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

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

(A) Revenue

	1QFY2016	1QFY2015	Change
	RMB '000	RMB '000	%
Construction	247,972	105,536	>100
Operating and maintenance income from service concession arrangements	195,504	172,186	13.5
Financial income from service concession arrangements	75,563	58,566	29.0
Service income	28,399	23,770	19.5
Others	15,593	13,917	12.0
Total	563,031	373,975	50.6

Overall, the Group's revenue increased by RMB189.1 million or 50.6%, from RMB374.0 million in 1QFY2015 to RMB563.0 million in 1QFY2016. Revenue across all categories increased in 1QFY2016 as compared to 1QFY2015.

Construction Revenue

Construction revenue amounted to RMB248.0 million in 1QFY2016 (1QFY2015: RMB105.5 million). The higher revenue was mainly due to relatively higher amount of construction activities in progress in 1QFY2016 as compared to 1QFY2015.

Operating and Maintenance Income from Service Concession Arrangements/ Financial Income from Service Concession Arrangements

The aggregate of operating and maintenance income and financial income from service concession arrangements amounted to RMB271.1 million in 1QFY2016 (1QFY2015: RMB230.8 million). The higher revenue was due mainly to (i) higher water treatment and supply sales volume; and (ii) contribution by newly acquired entities.

Service Income

Service income amounted to RMB28.4 million 1QFY2016 (1QFY2015: RMB23.8 million). The increase was mainly due to contribution by a newly acquired entity in 2QFY2015.

Other Revenue

Other revenue amounted to RMB15.6 million 1QFY2016 (1QFY2015: RMB13.9 million). The higher revenue was due mainly to higher volume of installation works carried out, which are ad-hoc in nature.

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

The Group's GP increased by RMB25.0 million or 16.5% from RMB151.6 million in 1QFY2015 to RMB176.6 million in 1QFY2016. The increase was mainly due to contribution from newly acquired entities.

GPM decreased by 9.1 percentages from 40.5% in 1QFY2015 to 31.4% in 1QFY2016. The decrease was due mainly to higher contribution from construction category during 1QFY2016 (which has a relatively lower GPM).

8. A review of the performance of the group – cont'd.**(C) Other Operating Income / Other Operating Expenses / Foreign Exchange Loss/(Gain)**

Other operating income and other operating expenses for 1QFY2016 amounted to RMB12.3 million and RMB2.1 million (1QFY2015: RMB10.6 million and nil) respectively. The variance in the other operating income and other operating expenses was due mainly to foreign exchange gain/loss recognised for the period. The Group recorded a foreign exchange loss (mainly resulting from movement of RMB against SGD) under “Other operating expenses” in 1QFY2016, as contrast against foreign exchange gain recorded under “Other operating income” in Q1FY2015.

(D) Selling and Distribution expenses

Selling and distribution expenses increased from RMB3.7 million in 1QFY2015 to RMB6.4 million in 1QFY2016. The increase in selling and distribution expenses was due mainly to a newly acquired entity.

(E) Administrative Expenses

Administrative expenses increased from RMB32.0 million in 1QFY2015 to RMB44.6 million in 1QFY2016. The increase in administrative expenses was due mainly to expansion of business and the gain on disposal of property, plant and equipment in relation to one of the reclaimed water treatment plants in corresponding period of last year which had offset the administrative expense in 1QFY2015.

(F) Finance Expenses

Finance expense amounted to RMB46.1 million in 1QFY2016 (1QFY2015: RMB37.1 million). The increase in finance expenses was due mainly to increase in average interest-bearing loans and borrowings in 1QFY2016 as compared to 1QFY2015.

(G) Other Income

Other income increased from RMB5.5 million in 1QFY2015 to RMB17.3 million in 1QFY2016. The increase was due mainly to the recognition of value-added-tax refund imposed on billing raised from concession service agreements.

(H) Share of Results of Associates/ Share of Results of Joint Ventures

The share of results of associates and joint ventures represents the Group's share of results in investments which are accounted for using equity method. The increase was due mainly to more contribution from joint ventures and associates in 1QFY2016 as compared to 1QFY2015.

(I) Amortisation of Intangible Assets

Amortisation of intangible assets increased from RMB18.4 million in 1QFY2015 to RMB32.9 million in 1QFY2016. The increase was due to newly acquired entities.

8. A review of the performance of the group – cont'd.**STATEMENTS OF FINANCIAL POSITION****(J) Current Assets**

Current assets as at 31 March 2016 amounted to RMB1.93 billion (31 December 2015: RMB2.01 billion). The decrease was due mainly to the advance made to Yiyang Tap Water in FY2015. Following the completion of the acquisition of the entity, the related advance made in prior year was adjusted accordingly as at 31 March 2016.

(K) Non-current Assets

Non-current assets as at 31 March 2016 amounted to RMB10.69 billion (31 December 2015: RMB10.24 billion). The increase was due mainly to (i) consolidation of the newly acquired entity; (ii) construction of certain wastewater treatment projects during 1QFY2016 and (iii) fair value gain on available-for-sale financial instruments, which was recorded in investment revaluation reserve. The increase was partially offset by decrease in prepayment made for acquisition of an entity. Following the completion of the acquisition of the entity, the related prepayment made in prior year was adjusted accordingly as at 31 March 2016.

(L) Current Liabilities

There was no material variance for the Group's current liabilities as at 31 March 2016 as compared to 31 December 2015.

(M) Non-current Liabilities

Non-current liabilities as at 31 March 2016 amounted to RMB2.79 billion (31 December 2015: RMB2.63 billion). The increase was due mainly to consolidation of a newly acquired entity.

STATEMENT OF CASH FLOWS

As at 31 March 2016, the Group's cash and cash equivalents stood at RMB866.4 million (31 December 2015: RMB795.2 million). In 1QFY2016, net cash of RMB95.9 million was generated from the Group's operating activities. The movement in working capital changes for 1QFY2016 includes (i) 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 RMB87.3 million (1QFY2015: RMB117.8 million); and (ii) cash inflow in relation to refundable deposit for bidding of service concession projects of RMB100.0 million (1QFY2015: Nil). Excluding these additions of receivables under service concession arrangements and refundable deposits, the net cash generated from operating activities for 1QFY2016 would be RMB83.2 million (1QFY2015: RMB92.7 million). Net cash generated from the Group's investing activities of RMB2.2 million in 1QFY2016 was due mainly to net cash inflow from acquisition of an entity. This is partially offset by the cash used in purchase of property, plant and equipment and intangible assets. Net cash used in financing activities of RMB24.9 million in 1QFY2016 was due mainly to (i) interest paid; and (ii) dividend paid to non-controlling interest shareholders. This is partially offset by the net proceeds of bank borrowings and finance 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.

During the 2016 plenary session of the National People's Congress in March 2016, the Chinese government reemphasized its commitment to environmental conservation and pollution and emissions reduction through Premier Li Keqiang's third annual work report. This comes on the back of the Action Plan on Prevention of Water Pollution announced in April 2015, and the 13th Five Year Plan issued by the State Council in May 2015. The Chinese government's efforts to enhance water safety and accelerate reforms in the utilization of water resources, coupled with its massive investments in water projects, are set to benefit China's water and environment sector.

However, this is not without its challenges. The China State Taxation Bureau announced on 20 July 2015 that it would levy value added tax (VAT) for PRC waste treatment operators, shale gas developers, forest and agriculture biomass operators. Where in the past, wastewater and sewage treatment companies were fully exempted from paying VAT on water treatment, VAT is now levied on such companies, with a VAT rebate set at 70%. The new VAT refund policy brings a negative impact on the industry investment return. The impact is gradually improving as some local governments are willing to enter negotiations to raise tariffs to subsidize the cost increase. In January 2016, the Group signed a supplementary agreement for Qingpu's Second Wastewater Treatment Project, successfully passing through the VAT increase via tariff hikes of RMB0.06/m³.

The Group remains focused on capacity expansion and new sector entry such as sludge treatment.

- In April 2016, the Group's subsidiary company, Fudan Water Engineering and Technology Co., Ltd. entered into a concession agreement for a concessionary period of 25 years with Suizhou City Housing and Urban Development Committee for the Suizhou City Cheng Nan Wastewater Treatment PPP Project. The total design capacity of the Suizhou Project is 50,000 tons/day.
- In February 2016, the Group successfully completed the asset transfer of Yiyang City Tap Water Company in Hunan Province, following the contract signed with Yiyang City Housing Bureau in November 2015. Yiyang City Tap Water Company undertakes a 28-year water supply concessionary project in Yiyang City, with a total design capacity of 320,000 tons/day.
- According to China's "Action Plan for Water Pollution Prevention", sludge treatment ratio of prefecture and higher level cities should reach 90% by end 2020, up from 70% as at end 2015. The sludge from sewage treatment should be stabilized, detoxed and fully utilized, and existing sludge treatment facilities should be upgraded to reach the standard by end 2017. The Group has obtained around 80 water treatment projects and, going forward, is well-positioned to embark on add new sludge treatment projects. A 435 tons/day sludge treatment project is under construction in Wuhan Hanxi Wastewater Treatment Plant, and is targeted to commence commercial operation at the end of this year.

Looking ahead, the Group remains positive on the industry outlook and expects positive contribution from its strategically located projects. By leveraging on its two-pronged approach of active M&A and organic growth, the Group will continue to expand its competencies to its current sectors and venture into related sectors in the water and environmental protection industries such as sludge treatment, thereby strengthening its position as a top-tier player in China's environmental industry.

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

The Company raised approximately S\$154.8 million from the share placement exercise in July 2014 (“**2014 Share Placement**”). Deployment of the net proceeds has been in accordance with the intended utilisation as stated in the announcement dated 8 July 2014. Unless otherwise defined, all terms and references used herein shall bear the same meaning ascribed to them in the announcement.

As at to-date, the net proceeds from the 2014 Share Placement has been utilised for the following purposes:

Purpose	Amount S\$ 'million	Remarks
Net proceeds raised from the 2014 Share Placement in July 2014	154.78	
<i>Less utilisation:</i>		
- Payment for the Additional Investment of RMB74.5 million in Wuhan Huang-Pi Kaidi Water Services Co., Ltd.	(15.52)	Please refer to announcement made on 25 September 2014 via SGXNet.
- Payment for the purchase consideration of RMB195 million for the 12.1875% acquisition of Longjiang	(41.06)	Please refer to announcement made on 7 November 2014 via SGXNet.
- Payment for the Additional Investment of RMB150.3 million in SIIC Environment Holdings (Wuhan) Co., Ltd.	(32.68)	Please refer to announcement made on 18 November 2014 via SGXNet.
- Payment for the 70% equity of RMB124.0 million for incorporation of Yinchuan SIIC Environment Binhe Wastewater Treatment Co., Ltd. and SIIC Environment (Yinchuan) Wastewater Treatment Co., Ltd.	(26.55)	Please refer to announcement made on 17 December 2014 via SGXNet.
- Payment for the subscription of HK\$155.2 million in the capital of Canvest	(26.46)	Please refer to announcement made on 29 December 2014 via SGXNet.
- Payment for the purchase consideration in relation to the Acquisition	(2.2)	Please refer to announcement made on 28 January 2016 via SGXNet.
- General working capital use:		Please refer to announcement made on 31 March 2016 via SGXNet.
a. Repayment of loan obtained from SIHL Finance Limited and professional fees for the acquisition of Global Envirotech Investment Ltd.	(1.72)	
b. Repayment of bank borrowings	(1.41)	
c. Payment of operating expenses and tax expenses	(1.37)	
Balance of net proceeds raised from the 2014 Share Placement as at date of this result announcement	5.81	

15. Confirmation by Directors pursuant to Rule 705(5) of the SGX-ST Listing Manual

We, Feng Jun and Xu Zhan, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the period ended 31 March 2016, to be false or misleading, in any material aspect.

CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Xu Zhan
Executive Director
27 April 2016