



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 2015

24 February 2016

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(Incorporated in the Republic of Singapore)
(Company Registration No. 200210042R)

Fourth Quarter of Financial Year 2015 Financial Statements And Dividend Announcement

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3,Q4), 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 FOURTH QUARTER ("4QFY2015") AND FINANCIAL YEAR ENDED 31 DECEMBER 2015 ("FY2015")

	Note	Group					
		3 Months Ended		Changes	12 Months Ended		Changes
		31.12.15	31.12.14 (restated)		31.12.15	31.12.14 (restated)	
		RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	(A)	511,055	337,336	51.5	1,803,796	1,504,434	19.9
Cost of sales		(321,690)	(191,099)	68.3	(1,091,666)	(918,812)	18.8
Gross profit	(B)	189,365	146,237	29.5	712,130	585,622	21.6
Other operating income	(C)	17,140	14,825	15.6	31,827	36,278	(12.3)
Selling and distribution costs		(4,848)	(4,265)	13.7	(15,908)	(15,116)	5.2
Administrative expenses		(60,482)	(59,826)	1.1	(185,591)	(177,493)	4.6
Profit from operations		141,175	96,971	45.6	542,458	429,291	26.4
Finance income (Note 1)	(D)	1,338	2,595	(48.4)	10,441	48,847	(78.6)
Finance expenses	(E)	(43,777)	(40,812)	7.3	(169,853)	(151,295)	12.3
Other income (Note 2)	(F)	28,704	34,061	(15.7)	67,895	46,244	46.8
Other expenses	(F)	(5,190)	-	N.M.	(5,190)	-	N.M.
Negative goodwill	(G)	-	4,469	(100)	-	4,469	(100)
Share of results of joint ventures	(H)	15,211	10,740	41.6	56,207	52,732	6.6
Share of results of associates	(H)	8,043	7,641	5.3	22,038	7,655	>100.0
Profit before tax	(i)	145,504	115,665	25.8	523,996	437,943	19.6
Income tax expense	(ii)/(I)	(16,742)	(9,407)	78.0	(99,584)	(75,948)	31.1
Profit for the period		128,762	106,258	21.2	424,412	361,995	17.2
Other comprehensive income: <i>Items that may be reclassified subsequently to profit or loss:</i>							
Foreign currency translation, net of tax		4,109	(44,116)	<(100.0)	(86,113)	(70,057)	22.9
Investment revaluation reserve	(L)	4,811	2,099	>100.0	54,763	2,099	>100.0
Total comprehensive income for the period		137,682	64,241	>100.0	393,062	294,037	33.7
Profit for the period attributable to:							
Owners of the Company		119,650	94,186	27.0	360,390	290,708	24.0
Non-controlling interests		9,112	12,072	(24.5)	64,022	71,287	(10.2)
		128,762	106,258	21.2	424,412	361,995	17.2
Total comprehensive income attributable to:							
Owners of the Company		128,570	52,169	>100.0	329,040	222,750	47.7
Non-controlling interests		9,112	12,072	(24.5)	64,022	71,287	(10.2)
		137,682	64,241	>100.0	393,062	294,037	33.7

N.M. – Not Meaningful

Note 1: During FY2015 and 4QFY2015, the Group reclassified financial income from service concession arrangements of RMB336,171,000 (FY2014: RMB216,656,000) and RMB136,131,000 (4QFY2014: RMB51,333,000) respectively from "Finance income" to "Revenue" to better reflect the operations of the Group. Prior period comparatives have been reclassified to be consistent with current period presentation.

Note 2: The comparative financial results for FY2014 and 4Q2014 have been restated to take into account the retrospective adjustments in connection with recognition of contingent consideration in acquisition of a subsidiary as a liability item instead of equity item.

Notes:

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

	3 Months Ended		12 Months Ended	
	31.12.15	31.12.14 (restated)	31.12.15	31.12.14 (restated)
	RMB'000	RMB'000	RMB'000	RMB'000
Amortisation of intangible assets (Note J)	49,615	20,583	105,291	65,620
Amortisation/(adjustment) of land use rights	58	(732)	196	406
Depreciation of property, plant and equipment	2,357	2,705	11,162	10,578
Written off/(adjustment) of property, plant and equipment	46	(8)	126	-
Loss/(gain) on disposal of property, plant and equipment	2,082	603	(999)	1,950
Foreign exchange gain, net (Note C)	(1,761)	(5,321)	(220)	(16,283)
Allowance/(reversal) for doubtful receivables (trade)	558	(292)	144	(2,594)
Allowance/(reversal) for doubtful receivables, net (non-trade)	(9,334)	3,399	(9,003)	(1,278)
Bad debts (written back)/written off (trade and non-trade)	-	(8)	-	48
Allowance for inventories	1,066	-	1,046	-
Gain on disposal of interest in a subsidiary	-	-	-	(5,227)
Fair value gain from held-for-trading investment	(984)	-	(278)	-
Fair value loss/(gain) from financial liability	5,190	(28,292)	5,190	(28,292)
Negative goodwill	-	(4,469)	-	(4,469)
Allowance for foreseeable losses	-	-	-	(558)

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

	3 Months Ended		12 Months Ended	
	31.12.15	31.12.14	31.12.15	31.12.14
	RMB'000	RMB'000	RMB'000	RMB'000
(Over)/under provision of tax in respect of prior periods	(1,511)	1,881	(537)	(6,401)

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 31.12.15	As At 31.12.14 (restated)	As At 31.12.15	As At 31.12.14 (restated)
		RMB'000	RMB'000	RMB'000	RMB'000
Current assets					
Cash and cash equivalents		795,228	1,119,272	69,565	156,022
Pledged bank deposits		76,768	63,404	-	-
Trade and other receivables		864,194	571,618	7,228	650
Bills receivables		939	2,679	-	-
Prepayments		14,773	15,344	1,535	3,048
Inventories		20,768	20,887	-	-
Receivables under service concession arrangements		123,816	92,899	-	-
Amounts due from customers for contract work		68,780	70,017	-	-
Amounts due from subsidiaries (Note 1)		-	-	2,088,783	2,093,354
Amounts due from joint venture		1,437	1,437	1,437	1,437
Amounts due from associate		20,836	-	-	-
Held-for-trading investment		19,222	-	-	-
Total current assets	(K)	2,006,761	1,957,557	2,168,548	2,254,511
Non-current assets					
Available-for-sale financial instruments		191,836	126,748	12,567	-
Prepayments		48,175	118,545	-	-
Receivables under service concession arrangements		4,663,830	3,232,818	-	-
Property, plant and equipment		104,921	107,852	352	220
Intangible assets		3,219,714	1,515,848	-	-
Land use rights		4,720	4,917	-	-
Retention monies		4,118	2,712	-	-
Deferred tax assets		16,940	18,357	-	-
Investment in subsidiaries		-	-	2,349,890	716,009
Interest in joint ventures		661,128	657,192	506,029	517,638
Interest in associates		557,703	414,525	-	-
Goodwill on consolidation		457,241	9,550	-	-
Prepayment for investment in a subsidiary		288,188	-	-	-
Amounts due from associate		19,543	-	-	-
Total non-current assets	(L)	10,238,057	6,209,064	2,868,838	1,233,867
Total assets		12,244,818	8,166,621	5,037,386	3,488,378
Current liabilities					
Trade and other payables (Note 1)		1,017,417	835,446	17,380	100,489
Bills payable to banks		12,376	79,320	-	-
Tax payable		32,125	31,563	-	-
Amounts due to customers for contract work		20,934	24,551	-	-
Amounts due to subsidiaries		-	-	133,193	4,270
Bank and other borrowings		1,937,976	922,958	10,469	10,709
Finance lease		16,667	33,333	-	-
Total current liabilities	(M)	3,037,495	1,927,171	161,042	115,468
Non-current liabilities					
Bank and other borrowings		1,768,875	1,702,850	113,415	126,726
Finance lease		-	16,667	-	-
Deferred tax liabilities		791,837	270,122	-	-
Other non-current liabilities		67,162	59,200	-	-
Total non-current liabilities	(N)	2,627,874	2,048,839	113,415	126,726
Capital, reserves and non-controlling interest					
Share capital		4,861,138	3,278,603	4,861,138	3,278,603
Treasury shares		(96)	(96)	(96)	(96)
Retained earnings (Note 1)		797,571	491,519	107,746	109,251
Other reserves (Note 1)		(147,051)	(165,747)	(205,859)	(141,574)
Equity attributable to owners of the Company		5,511,562	3,604,279	4,762,929	3,246,184
Non-controlling interests		1,067,887	586,332	-	-
Total equity		6,579,449	4,190,611	4,762,929	3,246,184
Total liabilities and equity		12,244,818	8,166,621	5,037,386	3,488,378

Note 1: The comparative financial positions of the Group and the Company as at 31 Dec 2014 have been restated to take into account the retrospective adjustments in connection with recognition of contingent consideration in acquisition of a subsidiary as a liability item instead of equity item.

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 31.12.15 RMB'000		As at 31.12.14 RMB'000	
Secured/ Guaranteed	Unsecured/ Unguaranteed	Secured/ Guaranteed	Unsecured/ Unguaranteed
1,410,217	556,802	783,276	252,335

Amount repayable after one year

As at 31.12.15 RMB'000		As at 31.12.14 RMB'000	
Secured/ Guaranteed	Unsecured/ Unguaranteed	Secured/ Guaranteed	Unsecured/ Unguaranteed
953,180	815,695	1,227,500	492,017

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		Group	
	For 3 Months Ended		For 12 Months Ended	
	31.12.15	31.12.14 (restated)	31.12.15	31.12.14 (restated)
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Profit before tax	145,504	115,665	523,996	437,943
Adjustments for:				
Allowance/(reversal) for doubtful receivables, net (trade)	558	(292)	144	(2,594)
Allowance/(reversal) for doubtful receivables, net (non-trade)	(9,334)	3,399	(9,003)	(1,278)
Bad debts written off (trade)	-	(8)	-	48
Allowance for inventories	1,066	-	1,046	-
Allowance for foreseeable losses	-	-	-	(558)
Depreciation of property, plant and equipment	2,357	2,705	11,162	10,578
Property, plant and equipment written off/(adjustment)	46	(8)	126	-
Amortisation of intangible assets	49,615	20,583	105,291	65,620
Amortisation/(adjustment) of land use rights	58	(732)	196	406
Loss/(gain) on disposal of property, plant and equipment	2,082	603	(999)	1,950
Gain on disposal of interest in a subsidiary	-	-	-	(5,227)
Finance income	(1,338)	(2,595)	(10,441)	(48,847)
Finance expenses	43,777	40,812	169,853	151,295
Negative goodwill	-	(4,469)	-	(4,469)
Share of results of associates	(8,043)	(7,641)	(22,038)	(7,655)
Share of results of joint ventures	(15,211)	(10,740)	(56,207)	(52,732)
Foreign exchange (gain)/ loss	(1,262)	1,392	(8,569)	(4,215)
Fair value loss/(gain) from financial liability	5,190	(28,292)	5,190	(28,292)
Fair value loss from held for trading investment	(984)	-	(278)	-
Operating cash flow before working capital changes	214,081	130,382	709,469	511,973
(Increase)/decrease in:				
Inventories	633	5,619	(722)	(3,116)
Amounts due from/to customers for contract work, net	(761)	27,997	(2,576)	8,066
Trade receivables, other receivables and prepayments	(61,427)	(16,427)	(118,778)	(147,655)
Bills receivables	1,746	7,071	2,040	(2,138)
Receivables under service concession arrangements	(202,011)	32,214	(609,495)	(66,445)
Amounts due from joint ventures	(351)	(325)	(150)	(1,437)
Amounts due from associate	(17,780)	-	(20,243)	89
Increase/(decrease) in:				
Trade payables and other payables(inclusive of non-current liabilities)	9,072	(140,709)	100,116	(81,530)
Bills payable to banks	1,697	(4,357)	(66,944)	62,257
Cash (used in)/generated from operating activities	(55,101)	41,465	(7,283)	280,064
Interest received	485	43,059	8,729	48,846
Income tax paid	(13,922)	(11,230)	(65,112)	(44,561)
Net cash (used in)/generated from operating activities (Note A)	(68,538)	73,294	(63,666)	284,349
Cash flows used in investing activities:				
Purchase of property, plant and equipment	(9,919)	(12,807)	(21,257)	(17,884)
Purchase of intangible assets, net of amount on credit terms	(9,972)	(11,976)	(41,230)	(134,533)
Proceeds from grants	-	4,500	7,300	50,023
(Increase)/Decrease in prepayment for property, plant and equipment and intangible assets	(1,754)	8,816	(3,619)	11,921
Proceeds from disposal of property, plant and equipment	16,243	83	16,374	941
Net cash outflow on acquisition of subsidiaries (Note B)	-	-	(598,542)	(228,542)
Net cash outflow on acquisition of a joint venture	-	-	-	(530,000)
Net cash outflow on acquisition of an associate	-	(405,000)	-	(405,000)
Net cash outflow on investment in available-for-sale financial instruments	-	87,745	-	(122,255)
Net cash inflow on disposal of interest in subsidiaries	-	12,586	-	12,303
Dividend received from joint ventures	11,568	9,500	36,454	38,771
Net cash outflow on investment in held-for-trading financial instrument	-	-	(18,476)	-
Prepayment for investment in a subsidiary	(288,188)	-	(288,188)	-
Net cash used in investing activities	(282,022)	(306,553)	(911,184)	(1,324,255)

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	
	31.12.15	31.12.14 (restated)	31.12.15	31.12.14 (restated)
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from financing activities:				
Proceeds from bank and other borrowings	433,000	200,000	1,485,525	747,787
Repayment of bank and other borrowings	(97,393)	(63,733)	(531,792)	(903,375)
Repayment under finance leaseback arrangement	(8,333)	(8,333)	(33,333)	(34,330)
Interest paid	(52,668)	(50,604)	(174,732)	(153,718)
Dividend paid to non-controlling interest in subsidiaries	(5,839)	(7,074)	(18,591)	(15,254)
Net proceeds from share placement	-	-	-	750,516
Settlement of dividend payable due to former shareholder	-	(43,163)	-	(43,163)
Acquisition of non-controlling interests	-	(6,900)	(107,634)	(6,900)
Contribution from non-controlling interests upon additional capital injection of a subsidiary	46,000	-	46,000	-
Increase/(decrease) in deposits pledged to banks	75	1,145	(9,364)	(36,703)
Net cash generated from financing activities	314,842	21,338	656,079	304,860
Net decrease in cash and cash equivalents	(35,718)	(211,921)	(318,771)	(735,046)
Cash and cash equivalents at beginning of period	828,193	1,351,865	1,119,272	1,878,834
Effects of exchange rate changes on the balance of cash held in foreign currencies	2,753	(20,672)	(5,273)	(24,516)
Cash and cash equivalents at end of period	795,228	1,119,272	795,228	1,119,272
Cash and cash equivalents at end of period				
Cash and bank balances	871,996	1,182,676	871,996	1,182,676
Less: Bank deposits	(76,768)	(63,404)	(76,768)	(63,404)
Cash and cash equivalents	795,228	1,119,272	795,228	1,119,272

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 FY2015 and 4QFY2015 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 RMB459.4 million (FY2014: RMB230.0 million) and RMB115.3 million (4QFY2014: RMB129.3 million) respectively; and (ii) cash outflow in relation to refundable deposit for bidding of service concession projects of RMB100.0 million (FY2014: RMB14.9 million) and RMB100.0 million (4QFY2014: cash inflow of RMB5.9 million) respectively. Excluding these additions of receivables under service concession arrangements and refundable deposits, the net cash generated from operating activities for FY2015 and 4QFY2015 would be RMB495.7 million (FY2014: RMB528.0 million) and RMB146.8 million (3QFY2014: RMB196.9 million) respectively.

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 Fudan Water Engineering and Technology Co., Ltd. (“Fudan Water”)

In May 2015, the Group acquired 92.15% interest in Fudan Water for a total purchase consideration of RMB2,116,508,000. Fudan Water is engaged principally in the business of waste water treatment, construction, design, supervision and operation of water treatment projects and operation of waste water treatment plants.

The purchase price allocation (“PPA”) exercise in respect of the above acquisition has been completed as at 31 December 2015.

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

	Fudan Water RMB'000
<u>Fair value of assets acquired and liabilities recognised recognised at the date of acquisition</u>	
Cash and cash equivalents	27,520
Pledged bank deposits	4,000
Trade receivables	132,430
Other receivables	49,926
Prepayments	890
Inventories	11
Receivables under service concession arrangements	828,775
Property, plant and equipment	3,134
Intangible assets	1,773,456
Interest in associates	90,217
Available-for-sale financial instruments	500
Trade payables	(11,363)
Other payables, accruals and provisions	(129,731)
Tax payable	(1,435)
Bank and other borrowings	(67,000)
Deferred tax liabilities	(492,446)
Total identifiable net assets at fair value	2,208,884
Non-controlling interest measures at fair value	(540,067)
	<u>1,668,817</u>
<u>Consideration transferred</u>	
Cash	626,062
Consideration shares	1,490,446
Total consideration transferred	2,116,508
Less: Net assets acquired	(1,668,817)
Goodwill	<u>447,691</u>
<u>Net cash outflow arising from acquisitions</u>	
Cash consideration paid	626,062
Less: Cash and cash equivalents acquired	(27,520)
Net cash outflow on acquisitions	<u>598,542</u>

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	Capital reserve	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	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
Profit for the period	-	-	83,077	-	-	-	-	-	-	-	83,077	19,211	102,288
<u>Other comprehensive income</u>													
Exchange differences arising on translation, net of tax	-	-	-	7,421	-	-	-	7,421	-	-	7,421	-	7,421
Fair value change on available-for-sale financial instrument	-	-	-	57,234	-	-	57,234	-	-	-	57,234	-	57,234
Other comprehensive income for the period, net of tax	-	-	-	64,655	-	-	57,234	7,421	-	-	64,655	-	64,655
Total comprehensive income for the period	-	-	83,077	64,655	-	-	57,234	7,421	-	-	147,732	19,211	166,943
<u>Transactions with owners recognised directly in equity</u>													
Transfer to general reserve	-	-	(7,238)	7,238	-	7,238	-	-	-	-	-	-	-
Settlement of consideration for acquisition of subsidiaries	1,490,446	-	-	-	-	-	-	-	-	-	1,490,446	-	1,490,446
Acquisition of non-controlling interest	-	-	-	(4,292)	-	-	-	-	(4,292)	-	(4,292)	(103,343)	(107,635)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	149,830	149,830
Total	1,490,446	-	(7,238)	2,946	-	7,238	-	-	(4,292)	-	1,486,154	46,487	1,532,641
<u>Others</u>													
Dividend declare to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(6,492)	(6,492)
Total	-	-	-	-	-	-	-	-	-	-	-	(6,492)	(6,492)
Balance at 30.6.15	4,769,049	(96)	635,807	(103,968)	-	105,037	96,308	(74,825)	(30,173)	(200,315)	5,300,792	656,788	5,957,580

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												
	Share capital	Treasury shares	Retained earnings	Other reserves, total	Capital reserve	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	RMB'000
Profit for the period	-	-	89,290	-	-	-	-	-	-	-	89,290	19,889	109,179
Other comprehensive income													
Exchange differences arising on translation, net of tax	-	-	-	(54,922)	-	-	-	(54,922)	-	-	(54,922)	-	(54,922)
Fair value change on available-for-sale financial instrument	-	-	-	(44,257)	-	-	(44,257)	-	-	-	(44,257)	-	(44,257)
Other comprehensive income for the period, net of tax	-	-	-	(99,179)	-	-	(44,257)	(54,922)	-	-	(99,179)	-	(99,179)
Total comprehensive income for the period	-	-	89,290	(99,179)	-	-	(44,257)	(54,922)	-	-	(9,889)	19,889	10,000
<u>Transactions with owners recognised directly in equity</u>													
Transfer to general reserve	-	-	(15,223)	15,223	-	15,223	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(2,109)	(2,109)
Total	-	-	(15,223)	15,223	-	15,223	-	-	-	-	-	(2,109)	(2,109)
<u>Others</u>													
Dividend declare to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(5,500)	(5,500)
Total	-	-	-	-	-	-	-	-	-	-	-	(5,500)	(5,500)
Balance at 30.9.15	4,769,049	(96)	709,874	(187,924)	-	120,260	52,051	(129,747)	(30,173)	(200,315)	5,290,903	669,068	5,959,971
Profit for the period	-	-	119,650	-	-	-	-	-	-	-	119,650	9,112	128,762
Other comprehensive income													
Exchange differences arising on translation, net of tax	-	-	-	4,109	-	-	-	4,109	-	-	4,109	-	4,109
Fair value change on available-for-sale financial instrument	-	-	-	4,811	-	-	4,811	-	-	-	4,811	-	4,811
Other comprehensive income for the period, net of tax	-	-	-	8,920	-	-	4,811	4,109	-	-	8,920	-	8,920
Total comprehensive income for the period	-	-	119,650	8,920	-	-	4,811	4,109	-	-	128,570	9,112	137,682
<u>Transactions with owners recognised directly in equity</u>													
Transfer to general reserve	-	-	(31,953)	31,953	-	31,953	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	392,346	392,346
Settlement of earn-out shares	92,089	-	-	-	-	-	-	-	-	-	92,089	-	92,089
Total	92,089	-	(31,953)	31,953	-	31,953	-	-	-	-	92,089	392,346	484,435
<u>Others</u>													
Dividend declare to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(2,639)	(2,639)
Total	-	-	-	-	-	-	-	-	-	-	-	(2,639)	(2,639)
Balance at 31.12.15	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

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												
	Share capital	Treasury shares	Retained earnings	Other reserves, total	Capital reserve	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	RMB'000
Balance at 1.1.14 (restated)	2,512,500	(96)	225,549	(123,016)	-	73,137	-	30,532	(26,370)	(200,315)	2,614,937	559,539	3,174,476
Profit for the period	-	-	63,611	-	-	-	-	-	-	-	63,611	19,628	83,239
<u>Other comprehensive income</u>													
Exchange differences arising on translation, net of tax	-	-	-	16,218	-	-	-	16,218	-	-	16,218	-	16,218
Other comprehensive income for the period, net of tax	-	-	-	16,218	-	-	-	16,218	-	-	16,218	-	16,218
Total comprehensive income for the period	-	-	63,611	16,218	-	-	-	16,218	-	-	79,829	19,628	99,457
<u>Transactions with owners recognised directly in equity</u>													
Disposal of interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(21,851)	(21,851)
Total	-	-	-	-	-	-	-	-	-	-	-	(21,851)	(21,851)
Balance at 31.3.14 (restated)	2,512,500	(96)	289,160	(106,798)	-	73,137	-	46,750	(26,370)	(200,315)	2,694,766	557,316	3,252,082
Profit for the period	-	-	65,953	-	-	-	-	-	-	-	65,953	17,678	83,631
<u>Other comprehensive income</u>													
Exchange differences arising on translation, net of tax	-	-	-	8,620	-	-	-	8,620	-	-	8,620	-	8,620
Other comprehensive income for the period, net of tax	-	-	-	8,620	-	-	-	8,620	-	-	8,620	-	8,620
Total comprehensive income for the period	-	-	65,953	8,620	-	-	-	8,620	-	-	74,573	17,678	92,251
<u>Transactions with owners recognised directly in equity</u>													
Share issue costs	(550)	-	-	-	-	-	-	-	-	-	(550)	-	(550)
Acquisition of non-controlling interests	-	-	-	489	-	-	-	-	489	-	489	(7,389)	(6,900)
Transfer to general reserve	-	-	(209)	209	-	209	-	-	-	-	-	-	-
Total	(550)	-	(209)	698	-	209	-	-	489	-	(61)	(7,389)	(7,450)
<u>Others</u>													
Dividends declared to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(2,000)	(2,000)
Total	-	-	-	-	-	-	-	-	-	-	-	(2,000)	(2,000)
Balance at 30.6.14 (restated)	2,511,950	(96)	354,904	(97,480)	-	73,346	-	55,370	(25,881)	(200,315)	2,769,278	565,605	3,334,883
Profit for the period	-	-	66,958	-	-	-	-	-	-	-	66,958	21,909	88,867
<u>Other comprehensive income</u>													
Exchange differences arising on translation, net of tax	-	-	-	(50,779)	-	-	-	(50,779)	-	-	(50,779)	-	(50,779)
Other comprehensive income for the period, net of tax	-	-	-	(50,779)	-	-	-	(50,779)	-	-	(50,779)	-	(50,779)
Total comprehensive income for the period	-	-	66,958	(50,779)	-	-	-	(50,779)	-	-	16,179	21,909	38,088
<u>Transactions with owners recognised directly in equity</u>													
Share placement, net (Note 1)	-	-	-	767,293	767,293	-	-	-	-	-	767,293	-	767,293
Transfer to general reserve	-	-	(683)	683	-	683	-	-	-	-	-	-	-
Total	-	-	(683)	767,976	767,293	683	-	-	-	-	767,293	-	767,293
<u>Others</u>													
Dividends declared to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(11,974)	(11,974)
Total	-	-	-	-	-	-	-	-	-	-	-	(11,974)	(11,974)
Balance at 30.9.14 (restated)	2,511,950	(96)	421,179	619,717	767,293	74,029	-	4,591	(25,881)	(200,315)	3,552,750	575,540	4,128,290

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	Capital reserve	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	RMB'000
Profit for the period (restated)	-	-	94,186	-	-	-	-	-	-	-	-	94,186	12,072	106,258
<u>Other comprehensive income</u>														
Exchange differences arising on translation, net of tax	-	-	-	(44,116)	-	-	-	(44,116)	-	-	-	(44,116)	-	(44,116)
Investment revaluation reserve	-	-	-	2,099	-	-	2,099	-	-	-	-	2,099	-	2,099
Other comprehensive income for the period, net of tax	-	-	-	(42,017)	-	-	2,099	(44,116)	-	-	-	(42,017)	-	(42,017)
Total comprehensive income for the period	-	-	94,186	(42,017)	-	-	2,099	(44,116)	-	-	-	52,169	12,072	64,241
<u>Transactions with owners recognised directly in equity</u>														
Share placement, net (Note 1)	767,293	-	-	(767,293)	(767,293)	-	-	-	-	-	-	-	-	-
Share issue cost	(640)	-	-	-	-	-	-	-	-	-	-	(640)	-	(640)
Transfer to general reserve	-	-	(23,846)	23,846	-	23,846	-	-	-	-	-	-	-	-
Total	766,653	-	(23,846)	(743,447)	(767,293)	23,846	-	-	-	-	-	(640)	-	(640)
<u>Others</u>														
Dividends declared to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(1,280)	(1,280)
Total	-	-	-	-	-	-	-	-	-	-	-	-	(1,280)	(1,280)
Balance at 31.12.14 (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

Note 1: In connection with the share placement of 1,000,000,000 shares (the "2014 Placement"), the Company has entered into a share lending agreement ("Share Lending Agreement") with the controlling shareholder of the Company, Shanghai Industrial Holdings Limited ("SIHL"). SIHL has loaned 1,000,000,000 shares beneficially held by SIHL, for the purpose of facilitating delivery of the placement shares in connection with the 2014 Placement to the external subscribers. Prior to the allotment of the 1,000,000,000 shares, the Company has recorded the net proceeds received as capital reserve. The 1,000,000,000 shares are allotted and issued on 17 October 2014 for the settlement of the Share Lending Agreement.

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 1.1.15	3,278,603	(96)	109,251	(141,574)	3,246,184
Profit for the period	-	-	14,609	-	14,609
<u>Other comprehensive income/ (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
Loss for the period	-	-	(22,197)	-	(22,197)
<u>Other comprehensive income/ (loss)</u>					
Exchange differences arising on translation, net of tax	-	-	-	75,459	75,459
Other comprehensive income for the period, net of tax	-	-	-	75,459	75,459
Total comprehensive income for the period	-	-	(22,197)	75,459	53,262
<u>Transactions with owners recognised directly in equity</u>					
Settlement of consideration for acquisition of subsidiaries	1,490,446	-	-	-	1,490,446
Total	1,490,446	-	-	-	1,490,446
Balance at 30.6.15	4,769,049	(96)	101,663	(177,627)	4,692,989
Profit for the period	-	-	25,522	-	25,522
<u>Other comprehensive income/ (loss)</u>					
Exchange differences arising on translation, net of tax	-	-	-	(138,695)	(138,695)
Other comprehensive loss for the period, net of tax	-	-	-	(138,695)	(138,695)
Total comprehensive income/ (loss) for the period	-	-	25,522	(138,695)	(113,173)
Balance at 30.9.15	4,769,049	(96)	127,185	(316,322)	4,579,816
Loss for the period	-	-	(19,439)	-	(19,439)
<u>Other comprehensive income/ (loss)</u>					
Exchange differences arising on translation, net of tax	-	-	-	110,463	110,463
Other comprehensive income for the period, net of tax	-	-	-	110,463	110,463
Total comprehensive income/ (loss) for the period	-	-	(19,439)	110,463	91,024
<u>Transactions with owners recognised directly in equity</u>					
Share placement	92,089	-	-	-	92,089
Total	92,089	-	-	-	92,089
Balance at 31.12.15	4,861,138	(96)	107,746	(205,859)	4,762,929

* Relates to translation reserve.

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						Total equity RMB'000
	Share capital RMB'000	Treasury shares RMB'000	Retained earnings RMB'000	Other reserves, total RMB'000	Capital reserves RMB'000	Translation reserves RMB'000	
Balance at 1.1.14	2,512,500	(96)	55,229	(38,104)	-	(38,104)	2,529,529
Loss for the period	-	-	(3,383)	-	-	-	(3,383)
<u>Other comprehensive income/ (loss)</u>							
Exchange differences arising on translation, net of tax	-	-	-	67,154	-	67,154	67,154
Other comprehensive income for the period, net of tax	-	-	-	67,154	-	67,154	67,154
Total comprehensive income/ (loss) for the period	-	-	(3,383)	67,154	-	67,154	63,771
Balance at 31.3.14	2,512,500	(96)	51,846	29,050	-	29,050	2,593,300
Profit for the period	-	-	12,599	-	-	-	12,599
<u>Other comprehensive income</u>							
Exchange differences arising on translation, net of tax	-	-	-	29,780	-	29,780	29,780
Other comprehensive income for the period, net of tax	-	-	-	29,780	-	29,780	29,780
Total comprehensive income for the period	-	-	12,599	29,780	-	29,780	42,379
<u>Transactions with owners recognised directly in equity</u>							
Share issue costs	(550)	-	-	-	-	-	(550)
Total	(550)	-	-	-	-	-	(550)
Balance at 30.6.14	2,511,950	(96)	64,445	58,830	-	58,830	2,635,129
Profit for the period	-	-	27,991	-	-	-	27,991
<u>Other comprehensive income/(loss)</u>							
Exchange differences arising on translation, net of tax	-	-	-	(110,397)	-	(110,397)	(110,397)
Other comprehensive loss for the period, net of tax	-	-	-	(110,397)	-	(110,397)	(110,397)
Total comprehensive income/(loss) for the period	-	-	27,991	(110,397)	-	(110,397)	(82,406)
<u>Transactions with owners recognised directly in equity</u>							
Share placement, net (Note 1)	-	-	-	767,293	767,293	-	767,293
Total	-	-	-	767,293	767,293	-	767,293
Balance at 30.9.14	2,511,950	(96)	92,436	715,726	767,293	(51,567)	3,320,016

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						Total equity RMB'000
	Share capital RMB'000	Treasury shares RMB'000	Retained earnings/ (Accumulated losses) RMB'000	Other reserves, total RMB'000	Capital reserves RMB'000	Translation reserves RMB'000	
Profit for the period	-	-	16,815	-	-	-	16,815
Other comprehensive income/(loss)							
Exchange differences arising on translation, net of tax	-	-	-	(90,007)	-	(90,007)	(90,007)
Other comprehensive loss for the period, net of tax	-	-	-	(90,007)	-	(90,007)	(90,007)
Total comprehensive income/(loss) for the period	-	-	16,815	(90,007)	-	(90,007)	(73,192)
Transactions with owners recognised directly in equity							
Share placement, net (Note 1)	767,293	-	-	(767,293)	(767,293)	-	-
Share issue cost	(640)	-	-	-	-	-	(640)
Total	766,653	-	-	(767,293)	(767,293)	-	(640)
Balance at 31.12.14	3,278,603	(96)	109,251	(141,574)	-	(141,574)	3,246,184

Note 1: In connection with the 2014 Share Placement, the Company has entered into a Share Lending Agreement with SIHL. SIHL has loaned 1,000,000,000 shares beneficially held by SIHL, for the purpose of facilitating delivery of the placement shares in connection with the 2014 Share Placement to the external subscribers. Prior to the allotment of the 1,000,000 shares, the Company has recorded the net proceeds received as capital reserve. The 1,000,000,000 shares are allotted and issued on 17 October 2014 for the settlement of the Share Lending Agreement.

- 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 2015	1,917,914,719	3,278,603
312,000,000 shares issued for acquisition of Fudan water	312,000,000	1,490,446
26,730,407 earn-out shares issued	26,730,407	92,089
Balance at 31 December 2015	2,256,645,126	4,861,138

On 25 September 2015, the Company consolidated every five existing issued ordinary shares into one ordinary share in the capital of the Company.

In connection with the acquisition of Rise Wealth Investments Ltd. ("**Rise Wealth**") in FY2012, the Company has completed the issuance of 26,730,407 shares ("**Consolidated Earn-Out Shares**") on 22 December 2015.

As at 31 December 2015, 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 December 2014: 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 December 2015, there were no convertible securities outstanding (31 December 2014: 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 December 2015, there were 56,400 treasury shares held (31 December 2014: 282,000). Total number of issued shares excluding treasury shares, as at 31 December 2015 was 2,256,588,726 (31 December 2014: 9,589,292,132).

- 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 2015.

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 2014.

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		12 Months Ended	
	31.12.15	31.12.14	31.12.15	31.12.14
	RMB cents	RMB cents	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)	5.36	4.91	17.07	16.05
- Weighted average number of shares ('000)	2,232,733	1,917,858	2,110,920	1,811,557
(ii) On a fully diluted basis of ordinary shares (RMB cents)	5.36	4.85	17.07	15.84
- Weighted average number of shares ('000)	2,232,733	1,941,619	2,110,920	1,835,317

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 December 2015	244.24	211.07
As at 31 December 2014	192.43	169.25

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 December 2015 (31 December 2014: 1,917,858,319).

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 RMB1,504.4 million in FY2014 to RMB1,803.8 million in FY2015, representing an increase of 19.9%. Gross profit ("GP") has increased from RMB585.6 million in FY2014 to RMB712.1 million in FY2015. Profit from operations improved by 26.4% from RMB429.3 million in FY2014 to RMB542.5 million in FY2015.

Consequently, the Group's profit after tax (attributable to owners of the Company) increased from RMB290.7 million in FY2014 to RMB360.4 million in FY2015, representing an increase of 24.0%.

The increase was due mainly to the following:

- (i) contribution from newly acquired entity (Fudan Water) during the current period, as well as contribution from existing entities;
- (ii) contribution from associate, Longjiang Environmental Protection Group Co., Ltd. (Longjiang), which was acquired in November 2014.

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

	4QFY2015	4QFY2014	Change	FY2015	FY2014	Change
	RMB '000	RMB '000	%	RMB '000	RMB '000	%
Construction	141,663	55,604	>100	523,373	441,604	18.5
Operating and maintenance income from service concession arrangements	184,422	198,695	(7.2)	751,172	697,008	7.8
Financial income from service concession arrangements	136,131	51,334	>100	336,171	216,656	55.2
Service income	29,812	29,000	2.8	117,986	116,568	1.2
Others	19,027	2,703	>100	75,094	32,598	>100
Total	511,055	337,336	51.5	1,803,796	1,504,434	19.9

Overall, the Group's revenue increased by RMB299.4 million or 19.9%, from RMB1,504.4 million in FY2014 to RMB1,803.8 million in FY2015. Meanwhile, the Group's revenue increased by RMB173.8 million or 51.5%, from RMB337.3 million in 4QFY2014 to RMB511.1 million in 4QFY2015. Except for "Operating and maintenance income from service concession arrangements", revenue across all categories increased in FY2015 and 4QFY2015 as compared to FY2014 and 4QFY2014.

Construction Revenue

Construction revenue amounted to RMB141.7 million and RMB523.4 million in 4QFY2015 and FY2015 respectively (4QFY2014: RMB55.6 million; FY2014: RMB441.6 million). The higher revenue was mainly due to relatively higher amount of construction activities in progress in 4QFY2015 as compared to 4QFY2014.

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 RMB320.6 million and RMB1,087.3 million in 4QFY2015 and FY2015 respectively (4QFY2014: RMB250.0 million; FY2014: RMB913.7 million). The higher revenue was due mainly to (i) higher water treatment and supply sales volume; (ii) contribution by Dongguan Fenggang Yantian Fangzhong Water Services Co., Ltd. ("DGFG") and Dongguan Shijie Shayao Water Purification Co., Ltd. ("DGSJ") which were acquired in FY2014; and (iii) completion of a Transfer-Operate-Transfer ("TOT") wastewater treatment project in 1QFY2015; and (iv) contribution by Fudan Water which was acquired in 2QFY2015.

Service Income

Service income amounted to RMB29.8 million and RMB118.0 million in 4QFY2015 and FY2015 (4QFY2014: RMB29.0 million; FY2014: RMB116.6 million). The increase was mainly due to contribution by Fudan Water.

Other Revenue

Other revenue amounted to RMB19.0 million and RMB75.1 million in 4QFY2015 and FY2015 (4QFY2014: RMB2.7 million; FY2014: RMB32.6 million). The higher revenue was due mainly to higher volume of installation works carried out, which are ad-hoc in nature.

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

(B) Gross Profit (“GP”) / Gross Profit Margin (“GPM”)

The Group's GP increased by RMB43.2 million or 29.5% from RMB146.2 million in 4QFY2014 to RMB189.4 million in 4QFY2015. Meanwhile, GP increased by RMB126.5 million or 21.6% from RMB585.6 million in FY2014 to RMB712.1 million in FY2015. The increase was mainly due to contribution from newly acquired subsidiaries (DGFG, DGSJ and Fudan Water).

GPM decreased by 6.3 percentage from 43.4% in 4QFY2014 to 37.1% in 4QFY2015. The decrease was due mainly to higher contribution from construction category during 4QFY2015 (which has a relatively lower GPM). There was no material variance for the Group's GPM in FY2015 as compared to FY2014.

(C) Other Operating Income / Foreign Exchange Gain

Other operating income for 4QFY2015 and FY2015 amounted to RMB17.1 million (4QFY2014: RMB14.8 million) and RMB31.8 million (FY2014: RMB36.3 million) respectively. The variance in the other operating income was due mainly to foreign exchange gain recognised for the period.

(D) Finance Income

Finance income decreased from RMB2.6 million in 4QFY2014 to RMB1.3 million in 4QFY2015 and RMB48.8 million in FY2014 to RMB10.4 million in FY2015. The decrease in finance income was due mainly to recognition of an interest income of RMB37.9 million in relation to late repayment of certain trade receivables in 3QFY2014.

(E) Finance Expenses

Finance expense amounted to RMB43.8 million and RMB169.9 million in 4QFY2015 and FY2015 (4QFY2014: RMB40.8 million; FY2014: RMB151.3 million). The increase in finance expenses was due mainly to increase in average interest-bearing loans and borrowings in 4QFY2015 and FY2015 as compared to 4QFY2014 and FY2014.

(F) Other Income (restated)/Other Expenses

Other income decreased from RMB34.1 million in 4QFY2014 to RMB28.7 million in 4QFY2015 and increased from RMB46.2 million in FY2014 to RMB67.9 million in FY2015. The increase was due mainly to the recognition of value-added-tax refund imposed on billing raised from concession service agreements as well as reversal of accrual of expenses relating to one of the borrowings, which were no longer required in FY2015.

The Group recorded a fair value gain of financial liability under “Other income” in 4Q2014 and FY2014, as contrast against fair value loss of financial liability amounted to RMB5.2 million under “Other expenses” in 4Q2015 and FY2015. The fair value loss mainly arose from the changes in share price in connection to the contingent consideration in acquisition of a subsidiary, which was settled in December 2015.

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

(G) Negative Goodwill

The negative goodwill in 4QFY2014 and FY2014 arose from the acquisition of Shanghai Qingpu Second Wastewater Treatment Co., Limited (“**Shanghai Qingpu**”).

(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 contribution from associate, Longjiang, which was acquired in November 2014.

(I) Income Tax Expenses

Income tax expense amounted to RMB16.7 million and RMB99.6 million in 4QFY2015 and FY2015 (4QFY2014: RMB9.4 million; FY2014: RMB75.9 million). The higher income tax expense was due mainly to higher profit generated in FY2015 as compared to FY2014.

(J) Amortisation of Intangible Assets

Amortisation of intangible assets increased from RMB65.6 million in FY2014 to RMB105.3 million in FY2015. The increase was due to the contribution of newly acquired entity, Fudan Water, full period amortisation by Dazhou Jiajing, DGFG and DGSJ which were acquired in FY2014.

STATEMENTS OF FINANCIAL POSITION

(K) Current Assets

Current assets as at 31 December 2015 amounted to RMB2.00 billion (31 December 2014: RMB1.96 billion). The increase was due mainly to (i) higher deposit placed for project bidding; (ii) new investment in a held-for-trading financial instrument; and (iii) contribution from newly acquired entity, Fudan Water. The increase was partially offset by cash outflow during FY2015 (for details, please refer to analysis on “Statement of cash flows” below).

(L) Non-current Assets

Non-current assets as at 31 December 2015 amounted to RMB10.24 billion (31 December 2014: RMB6.21 billion). The increase was due mainly to (i) consolidation of the newly acquired entity, Fudan Water; (ii) construction of certain wastewater treatment projects during FY2015; (iii) fair value gain on investment in Canvest Environmental Protection Group Company Limited (“**Canvest**”), which was recorded in investment revaluation reserve; (iv) prepayment made for acquisition of a subsidiary, Yiyang City Tap Water Co., Ltd (“**Yiyang Tap Water**”); and (v) accounting of the newly investment in MTI Environment Group Ltd., (“**MTI**”). The increase was partially offset by disposal of certain reclaimed water treatment assets.

8. A review of the performance of the group – cont'd.**(M) Current Liabilities**

Current liabilities as at 31 December 2015 amounted to RMB3.04 billion (31 December 2014: RMB1.93 billion). The increase was due mainly to consolidation of the newly acquired entity, Fudan Water and higher current bank and other borrowings arising from new bank loans taken up which are due for repayment within one year during the period.

(N) Non-current Liabilities (restated)

Non-current liabilities as at 31 December 2015 amounted to RMB2.63 billion (31 December 2014: RMB2.05 billion). The increase was due mainly to consolidation of the newly acquired entity, Fudan Water.

STATEMENT OF CASH FLOWS

As at 31 December 2015, the Group's cash and cash equivalents stood at RMB795.2 million (31 December 2014: RMB1.12 billion). In FY2015, net cash of RMB63.7 million was used in the Group's operating activities. The movement in working capital changes for FY2015 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 RMB459.4 million (FY2014: RMB230.0 million); and (ii) cash outflow in relation to refundable deposit for bidding of service concession projects of RMB100.0 million (FY2014: RMB14.9 million). Excluding these additions of receivables under service concession arrangements and refundable deposits, the net cash generated from operating activities for FY2015 would be RMB495.7 million (FY2014: RMB528.0 million). Net cash used in the Group's investing activities of RMB911.2 million in FY2015 was due mainly to (i) purchase of intangibles; (ii) net cash outflow on acquisition of Fudan Water; (iii) net cash outflow on prepayment made for investment in a subsidiary and (iv) net cash outflow on investment in held-for-trading financial instrument. This is partially offset by the proceeds from government grant received. Net cash generated from financing activities of RMB656.1 million in FY2015 was due mainly to net proceeds of bank and other borrowings, partially offset by (i) interest paid; (ii) acquisition of non-controlling interest; and (iii) dividend paid to non-controlling interest shareholders.

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.

As the Chinese government focuses on tackling worsening pollution problems, China's water and environment sector is set to continue to benefit. The Chinese government is expected to step up its efforts to enhance water safety and accelerate reforms in utilisation of water resources. The public-private partnership will also help to drive the growth and development of water service companies.

Over the past fiscal year, the Group has continued to adopt its two-pronged strategy of active M&A and organic growth to enlarge its overall water treatment capacity and expand into other environment-related businesses such as waste incineration and sludge treatment. In May 2015, the Group successfully completed a mega acquisition of Fudan Water which undertakes approximately 10 projects with a designed water treatment capacity of over 1 million tons/day in Shanghai City, Jiangsu, Zhejiang and Guangdong Provinces. Fudan Water is a strategic addition to the Group's business presence since its assets are located in some of the most developed regions in China. Fudan Water currently serves as the Group's fifth regional platform which covers the East China business.

In April 2015, the Group acquired an aggregate 14.78% equity interest in Nanfang Water, increasing its stake from 76.419% to 91.203%. The increased ownership interest in Nanfang Water will further complement the Group's existing business and enhance shareholders' value. In the same month, the Group forayed into the sludge treatment sector through a partnership with International Finance Corporation ("IFC") to invest in MTI Environment Group Ltd., an established enterprise in China's sludge treatment sector with a strong track record of sludge treatment and deodorization projects.

In terms of organic growth, the Group has won several new projects against fierce competition including:

- Build Operate Transfer ("BOT") water treatment project with a design capacity of 100,000 tons/day over a concessionary period of 27 years in Huizhou City, Guangdong Province
- BOT water treatment project with a design capacity of 25,000 tons/day at grade 1A over a concessionary period of 30 years in Wuhu, Wuhan City, Hubei Province
- BOT water treatment project with a design capacity of 105,000 tons per day over a concessionary period of 22 years in QuanShuiHe, Dalian City, Liaoning Province
- Asset transfer of Yiyang City Water Company and concessionary water supply projects with design capacity of 320,000 tons/day in Yiyang City, Hunan Province.

Effective July 2015, value-added tax ("VAT") is levied on wastewater and sewage treatment companies with a VAT rebate set at 70%. In the past, these companies were fully exempted to pay VAT on treatment fees. In light of the new VAT policy, the Group believes it will have certain impact on its short term earnings but can gradually pass through the tax increase via tariff hikes.

Presently, the Group's investment portfolio consists of over 80 water treatment and supply projects with a total design capacity of 7.0 million tons/day. In addition, the Group has three incineration plants equipped with a total design capacity of 3,200 tons/day. Looking ahead, the Group awaits increasingly positive contribution from its strategically located projects' expansion/upgrading opportunities and M&A arising due to industry consolidation.

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.**

Analysis by Business Segments RMB'000	Construction Segment		Water Treatment and Water Supply Segment		Waste Incineration Segment		Total for reportable Segments		Others segment		Unallocated		Group	
	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014
	Revenue (Note A)	50,639	209,704	1,634,047	1,216,774	44,017	45,358	1,728,703	1,471,836	75,094	32,598	-	-	1,803,797
Reportable segment profit from operations	38,341	(2,418)	501,397	431,790	14,546	19,312	554,284	448,684	16,740	(4,219)	(28,566)	(15,174)	542,458	429,291
Finance income	-	-	-	37,850	-	-	-	37,850	-	-	10,441	10,997	10,441	48,847
Finance expenses	-	-	-	-	-	-	-	-	-	-	(169,853)	(151,295)	(169,853)	(151,295)
Other income	-	-	63,412	-	3,970	-	67,382	-	-	-	513	17,952	67,895	17,952
Other expenses	-	-	-	-	-	-	-	-	-	-	(5,190)	-	(5,190)	-
Negative goodwill	-	-	-	4,469	-	-	-	4,469	-	-	-	-	-	4,469
Share of results of associates	-	-	22,703	8,245	-	-	22,703	8,245	(665)	(590)	-	-	22,038	7,655
Share of results of joint ventures	-	-	-	-	56,207	52,732	56,207	52,732	-	-	-	-	56,207	52,732
Income tax expense	416	(182)	(91,079)	(71,154)	1,499	(255)	(89,164)	(71,591)	(5,760)	(1,930)	(4,660)	(2,427)	(99,584)	(75,948)
Profit after tax													424,412	333,703
Segment depreciation and amortization	7,277	2,622	99,883	64,229	8,507	8,959	115,667	75,810	615	586	367	208	116,649	76,604
Segment non-cash income	100	11,768	756	16,197	-	-	856	27,965	-	236	9,000	-	9,856	28,201
Segment non-cash expenses	1,046	3,551	998	4,084	-	-	2,044	7,635	-	6,764	-	282	2,044	14,681
Segment assets	1,639,786	270,099	7,879,466	5,569,010	419,591	439,696	9,938,843	6,278,805	350,727	261,673	237,171	427,678	10,526,741	6,968,156
Interest in joint ventures	-	-	-	-	661,128	657,192	661,128	657,192	-	-	-	-	661,128	657,192
Interest in associates	-	-	546,984	403,142	-	-	546,984	403,142	10,719	11,383	-	-	557,703	414,525
Held for trading investment	-	-	-	-	-	-	-	-	-	-	19,222	-	19,222	-
Available-for-sale financial instruments	-	-	-	-	-	-	-	-	-	-	191,836	126,748	191,836	126,748
Prepayment for investment in a subsidiary	-	-	288,188	-	-	-	288,188	-	-	-	-	-	288,188	-
Total assets													12,244,818	8,166,621
Segment liabilities	673,622	145,882	2,491,466	2,511,547	221,949	247,564	3,387,037	2,904,993	236,757	301,448	2,041,575	683,221	5,665,369	3,889,662
Segment capital expenditure	6,981	62	45,041	126,829	200	461	52,222	127,352	1,944	1,130	2,142	31	56,308	128,513

Note A: Revenue under Water Treatment and Water Supply for FY2015 and FY2014 include construction revenue arising from the construction of service concession arrangements related assets of RMB472.7 million and RMB231.9 million respectively.

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	
	FY2015	FY2014 (restated)	FY2015	FY2014	FY2015	FY2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
PRC	1,803,796	1,504,434	10,225,138	6,208,844	55,973	128,482
Singapore	-	-	12,919	220	335	31

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	FY2015	FY2014	Increase/ (Decrease)
	RMB'000	RMB'000	%
Sales reported for first half year	790,649	787,625	0.4
Profit after tax before deducting minority interests reported for first half year	186,471	166,870	11.7
Sales reported for second half year	1,013,147	716,809	41.3
Profit after tax before minority interests reported for second half year	237,941	182,999	30.0

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	FY2015	FY2014
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\$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.
Balance of net proceeds raised from the 2014 Share Placement as at date of this result announcement	10.31	

BY ORDER OF THE BOARD

Xu Zhan
Executive Director
 24 February 2016