



SIIC ENVIRONMENT HOLDINGS LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No: 200210042R)

Unaudited Financial Statements and Dividend
Announcement for the Second Quarter and Half Year
ended 30 June 2015

12 August 2015

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(Incorporated in the Republic of Singapore)
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Second Quarter and First Half Financial Year 2015 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 SECOND QUARTER ("2QFY2015") AND FIRST HALF FINANCIAL YEAR ENDED 30 JUNE 2015("1HFY2015")

	Note	Group					
		3 Months Ended		Changes	6 Months Ended		Changes
		30.6.15	30.6.14		30.6.15	30.6.14	
		RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	(A)	416,674	437,440	(4.7)	790,649	787,626	0.4
Cost of sales		(235,522)	(277,033)	(15.0)	(457,926)	(488,282)	(6.2)
Gross profit	(B)	181,152	160,407	12.9	332,723	299,344	11.2
Other operating income	(C)	3,541	3,520	0.6	9,175	14,452	(36.5)
Selling and distribution costs		(3,377)	(3,716)	(9.1)	(7,034)	(6,978)	0.8
Administrative expenses		(43,855)	(40,676)	7.8	(75,882)	(69,706)	8.9
Other operating expenses	(C)	(5,269)	-	N.M.	(276)	-	N.M.
Profit from operations		132,192	119,535	10.6	258,706	237,112	9.1
Finance income (Note 1)	(D)	3,071	3,590	(14.5)	4,972	6,823	(27.1)
Finance expenses	(E)	(41,770)	(36,879)	13.3	(78,844)	(70,710)	11.5
Other income	(F)	18,883	3,878	>100	24,399	6,693	>100
Other expenses	(G)	-	-	N.M.	-	(3,821)	N.M.
Share of results of associates	(H)	4,298	20	>100	5,166	4	>100
Share of results of joint ventures	(H)	13,770	16,216	(15.1)	25,394	30,464	(16.6)
Profit before tax from continuing operations	(i)	130,444	106,360	22.6	239,793	206,565	16.1
Income tax expense	(ii)/(I)	(28,156)	(23,902)	17.8	(53,322)	(39,498)	35.0
Profit for the period from continuing operations, net of tax	(iii)	102,288	82,458	24.0	186,471	167,067	11.6
Profit/(Loss) for the period from discontinued operations, net of tax		-	1,173	N.M.	-	(197)	N.M.
Profit for the period		102,288	83,631	22.3	186,471	166,870	11.7
Other comprehensive income: <i>Items that may be reclassified subsequently to profit or loss:</i>							
Foreign currency translation, net of tax		7,421	8,620	(13.9)	(35,300)	24,838	N.M.
Investment revaluation reserve		57,234	-	N.M.	94,209	-	N.M.
Total comprehensive income for the period		166,943	92,251	81.0	245,380	191,708	28.0
Profit/(Loss) for the period attributable to:							
Owners of the Company							
- Continuing operations		83,077	64,780	28.2	151,450	129,761	16.7
- Discontinued operations		-	1,173	N.M.	-	(197)	N.M.
		83,077	65,953	26.0	151,450	129,564	16.9
Non-controlling interests		19,211	17,678	8.7	35,021	37,306	(6.1)
		102,288	83,631	22.3	186,471	166,870	11.7
Total comprehensive income attributable to:							
Owners of the Company							
- Continuing operations		147,732	73,400	>100	210,359	154,599	36.0
- Discontinued operations		-	1,173	N.M.	-	(197)	N.M.
		147,732	74,573	98.1	210,359	154,402	36.2
Non-controlling interests		19,211	17,678	8.7	35,021	37,306	(6.1)
		166,943	92,251	81.0	245,380	191,708	28.0

N.M. – Not Meaningful

Note 1: During 1HFY2015, the Group reclassified financial income from service concession arrangements of RMB123,524,000 (1HFY2014: RMB108,018,000) and RMB64,958,000 (2QFY2014: RMB55,628,000) 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.

Notes:

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

	3 Months Ended		6 Months Ended	
	30.6.15	30.6.14	30.6.15	30.6.14
	RMB'000	RMB'000	RMB'000	RMB'000
Amortisation of intangible assets (Note J)	18,727	15,898	37,089	28,714
Amortisation of land use rights	49	414	98	724
Depreciation of investment property	-	(48)	-	-
Depreciation of property, plant and equipment	2,563	2,305	5,687	4,926
Written off of property, plant and equipment	78	-	111	-
Loss/(gain) on disposal of property, plant and equipment	15	1,085	(3,081)	1,054
Foreign exchange loss/(gain), net (Note C)	5,269	1,904	276	(5,987)
Allowance/(reversal) for doubtful receivables (trade)	131	(1,442)	(508)	(1,484)
Allowance/(reversal) for doubtful receivables (non-trade)	24	10	299	(4,685)
Bad debts written off (trade)	-	48	-	48
Allowance for foreseeable loss	-	574	-	780
Reversal of allowance for inventories	(20)	-	(20)	-
Loss on disposal of interest in a subsidiary	-	-	-	3,821
Fair value gain from held-for-trading investment	(4,069)	-	(4,246)	-

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

	3 Months Ended		6 Months Ended	
	30.6.15	30.6.14	30.6.15	30.6.14
	RMB'000	RMB'000	RMB'000	RMB'000
(Over)/under provision of tax in respect of prior periods	(287)	(671)	116	(7,452)

1(a)(iii) Profit / (Loss) from discontinued operations

	3 Months Ended		6 Months Ended	
	30.6.15	30.6.14	30.6.15	30.6.14
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	-	14,481	-	15,738
Cost of sales	-	(12,200)	-	(13,402)
Gross profit	-	2,281	-	2,336
Selling and distribution costs	-	(245)	-	(336)
Administrative expenses	-	(1,031)	-	(2,365)
Profit/ (Loss) from operations	-	1,005	-	(365)
Finance income	-	-	-	-
Other income	-	168	-	168
Profit/ (Loss) from operations, before tax	-	1,173	-	(197)
Income tax expense	-	-	-	-
Profit/ (Loss) after tax	-	1,173	-	(197)

The Group listed its wholly-owned subsidiary, Wuhan Kaidi Water Services Co., Ltd. ("Wuhan Kaidi"), for sale in 1QFY2014. Accordingly, the results of Wuhan Kaidi are presented separately on the consolidated statement of profit or loss as "**Loss from discontinued operations, net of tax**". Wuhan Kaidi was disposed during the year ended 31 December 2014.

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 30.6.15	As At 31.12.14	As At 30.6.15	As At 31.12.14
		RMB'000	RMB'000	RMB'000	RMB'000
Current assets					
Cash and cash equivalents		818,532	1,119,272	115,788	156,022
Pledged bank deposits		47,052	63,404	-	-
Trade and other receivables		923,555	571,618	5,500	650
Bills receivables		2,504	2,679	-	-
Prepayments		18,777	15,344	2,235	3,048
Inventories		21,818	20,887	-	-
Receivables under service concession arrangements		129,847	92,899	-	-
Amounts due from customers for contract work		62,740	70,017	-	-
Amounts due from subsidiaries		-	-	1,844,406	2,007,006
Amounts due from joint venture		787	1,437	787	1,437
Amounts due from associate		15,473	-	-	-
Held-for-trading investment		23,350	-	-	-
Total current assets	(K)	2,064,435	1,957,557	1,968,716	2,168,163
Non-current assets					
Available-for-sale financial instruments		219,430	126,748	-	-
Prepayments		7,718	118,545	-	-
Receivables under service concession arrangements		4,296,787	3,232,818	-	-
Property, plant and equipment		96,716	107,852	117	220
Intangible assets		2,963,261	1,515,848	-	-
Land use rights		4,818	4,917	-	-
Retention monies		3,301	2,712	-	-
Deferred tax assets		16,707	18,357	-	-
Investment in subsidiaries		-	-	2,363,956	716,009
Interest in joint ventures		672,652	657,192	509,058	517,638
Interest in associates		450,100	414,525	-	-
Goodwill on consolidation		9,550	9,550	-	-
Total non-current assets	(L)	8,741,040	6,209,064	2,873,131	1,233,867
Total assets		10,805,475	8,166,621	4,841,847	3,402,030
Current liabilities					
Trade and other payables		876,011	749,098	15,494	14,141
Bills payable to banks		6,564	79,320	-	-
Tax payable		30,636	31,563	-	-
Amounts due to customers for contract work		19,889	24,551	-	-
Amounts due to subsidiaries		-	-	3,472	4,270
Bank and other borrowings		1,706,450	922,958	10,532	10,709
Finance lease		33,333	33,333	-	-
Total current liabilities	(M)	2,672,883	1,840,823	29,498	29,120
Non-current liabilities					
Bank and other borrowings		1,700,679	1,702,850	119,360	126,726
Finance lease		-	16,667	-	-
Deferred tax liabilities		325,805	270,122	-	-
Other non-current liabilities		62,180	59,200	-	-
Total non-current liabilities	(N)	2,088,664	2,048,839	119,360	126,726
Capital, reserves and non-controlling interest					
Share capital		4,769,049	3,278,603	4,769,049	3,278,603
Treasury shares		(96)	(96)	(96)	(96)
Retained earnings		697,690	553,402	101,663	109,251
Other reserves		(79,503)	(141,282)	(177,627)	(141,574)
Equity attributable to owners of the Company		5,387,140	3,690,627	4,692,989	3,246,184
Non-controlling interests		656,788	586,332	-	-
Total equity		6,043,928	4,276,959	4,692,989	3,246,184
Total liabilities and equity		10,805,475	8,166,621	4,841,847	3,402,030

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 30.6.15 RMB'000		As at 31.12.14 RMB'000	
Secured/ Guaranteed	Unsecured/ Unguaranteed	Secured/ Guaranteed	Unsecured/ Unguaranteed
1,375,036	371,311	783,276	252,335

Amount repayable after one year

As at 30.6.15 RMB'000		As at 31.12.14 RMB'000	
Secured/ Guaranteed	Unsecured/ Unguaranteed	Secured/ Guaranteed	Unsecured/ Unguaranteed
1,033,495	667,184	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 6 Months Ended	
	30.6.15 RMB'000	30.6.14 RMB'000	30.6.15 RMB'000	30.6.14 RMB'000
Cash flows from operating activities				
Profit before tax from continuing operations	130,444	106,360	239,793	206,565
Profit/(loss) before tax from discontinued operations	-	1,173	-	(197)
Profit before tax, total	130,444	107,533	239,793	206,368
Adjustments for:				
Allowance/(reversal) for doubtful receivables, net (trade)	131	(1,442)	(508)	(1,484)
Allowance/(reversal) for doubtful receivables, net (non-trade)	24	10	299	(4,685)
Bad debts written off (trade)	-	48	-	48
Reversal of allowance for inventories	(20)	-	(20)	-
Allowance for foreseeable losses	-	574	-	780
Depreciation of property, plant and equipment	2,563	2,327	5,687	4,953
Property, plant and equipment written off	78	-	111	-
Amortisation of intangible assets	18,727	15,911	37,089	28,727
Amortisation of land use rights	49	414	98	724
Depreciation of investment property	-	(48)	-	-
Loss/(gain) on disposal of property, plant and equipment	15	1,085	(3,081)	1,054
Loss on disposal of interest in a subsidiary	-	-	-	3,821
Finance income	(3,071)	(3,590)	(4,972)	(6,823)
Finance expenses	41,770	36,879	78,844	70,710
Share of results of associates	(4,298)	(20)	(5,166)	(4)
Share of results of joint ventures	(13,770)	(16,216)	(25,394)	(30,464)
Foreign exchange loss/(gain)	3,396	1,106	(3,260)	(8,710)
Fair value gain from held for trading investment	(4,069)	-	(4,246)	-
Operating cash flow before working capital changes	171,969	144,571	315,274	265,015
(Increase)/decrease in:				
Inventories	1,801	(3,044)	(534)	(9,963)
Amounts due from/to customers for contract work, net	(3,503)	(1,081)	2,248	(1,620)
Trade receivables, other receivables and prepayments	(118,403)	(89,810)	(154,142)	(155,228)
Bills receivables	(1,042)	(7,084)	475	(10,030)
Receivables under service concession arrangements	(75,755)	(10,703)	(203,637)	(54,960)
Amounts due from joint ventures	(1,009)	(665)	(185)	(665)
Amounts due from associate	(250)	-	(250)	-
Increase/(decrease) in:	-	-	-	-
Trade payables and other payables(inclusive of non-current liabilities)	(34,052)	(27,971)	(19,493)	(66)
Bills payable to banks	(64,320)	55,376	(72,756)	59,654
Cash (used in)/generated from operating activities	(124,564)	59,589	(133,000)	92,137
Interest received	1,406	2,750	3,307	4,968
Income tax paid	(20,726)	(13,431)	(39,311)	(22,616)
Net cash (used in)/generated from operating activities (Note A)	(143,884)	48,908	(169,004)	74,489
Cash flows from investing activities:				
Purchase of property, plant and equipment	(1,907)	(1,202)	(6,636)	(2,695)
Purchase of intangible assets, net of amount on credit terms	(4,022)	(55,537)	(22,355)	(111,094)
Proceeds from grants	-	14,920	7,300	45,523
Decrease/(increase) in prepayment for property, plant and equipment and intangible assets	1,375	(4,095)	452	(4,461)
Proceeds from disposal of property, plant and equipment	123	511	123	624
Net cash outflow on acquisition of subsidiaries (Note B)	(598,542)	-	(598,542)	(133,723)
Net cash outflow on acquisition of a joint venture	-	-	-	(530,000)
Net cash outflow on disposal of interest in a subsidiary	-	-	-	(368)
Dividend received from a joint venture	-	-	100	-
Net cash outflow on investment in held-for-trading financial instrument	-	-	(18,476)	-
Net cash used in investing activities	(602,973)	(45,403)	(638,034)	(736,194)

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 6 Months Ended	
	30.06.15	30.06.14	30.06.15	30.06.14
	RMB'000	RMB'000		RMB'000
Cash flows from financing activities:				
Proceeds from bank and other borrowings	789,542	105,667	1,028,267	269,318
Repayment of bank and other borrowings	(57,237)	(100,165)	(326,598)	(649,775)
Proceeds from finance leaseback arrangement	-	-	-	-
Repayment under finance leaseback arrangement	(8,334)	(8,334)	(16,667)	(16,667)
Interest paid	(37,319)	(34,553)	(77,896)	(73,157)
Dividend paid to non-controlling interest in subsidiaries	(3,362)	(2,000)	(12,262)	(6,900)
Payment of share issue costs	-	(16,785)	-	(16,785)
Acquisition of non-controlling interests	(107,634)	-	(107,634)	-
(Increase)/decrease in deposits pledged to banks	24,302	(26,077)	20,352	(30,427)
Net cash used in financing activities	599,958	(82,247)	507,562	(524,393)
Net decrease in cash and cash equivalents	(146,899)	(78,742)	(299,476)	(1,186,098)
Cash and cash equivalents at beginning of period	964,538	788,215	1,119,272	1,878,834
Effects of exchange rate changes on the balance of cash held in foreign currencies	893	3,326	(1,264)	20,063
Cash and cash equivalents at end of period	818,532	712,799	818,532	712,799
Cash and cash equivalents at end of period				
Cash and bank balances				
- Continuing operations	865,584	764,244	865,584	764,244
- Discontinued operations	-	9,017	-	9,017
	865,584	773,261	865,584	773,261
Less: Bank deposits				
- Continuing operations	(47,052)	(57,129)	(47,052)	(57,129)
- Discontinued operations	-	(3,333)	-	(3,333)
	(47,052)	(60,462)	(47,052)	(60,462)
Cash and cash equivalents	818,532	712,799	818,532	712,799

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 1HFY2015 and 2QFY2015 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 RMB199.3 million (1HFY2014: RMB67.2 million) and RMB81.5 million (2QFY2014: RMB0.4 million) respectively; and (ii) cash outflow in relation to refundable deposit for bidding of service concession projects of RMB101.0 million (1HFY2014: cash inflow of RMB54.2 million) and RMB101.0 million (2QFY2014: 53.3 million) respectively. Excluding these additions of receivables under service concession arrangements and refundable deposits, the net cash generated from operating activities for 1HFY2015 and 2QFY2015 would be RMB131.3 million (1HFY2014: RMB195.9 million) and RMB38.6 million (2QFY2014: RMB102.6 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 RMB2,116,507,000. 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 not been completed as at 30 June 2015. 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 1H FY2015, 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:-

	Fudan Water RMB'000
<u>Provisional fair value of assets acquired and liabilities recognised at the date of acquisition*</u>	
Cash and cash equivalents	27,520
Pledged bank deposits	4,000
Trade receivables	140,538
Other receivables	59,085
Prepayments	993
Inventories	11
Receivables under service concession arrangements	786,805
Property, plant and equipment	3,134
Intangible assets	1,461,653
Interest in associates	37,311
Available-for-sale financial instruments	500
Trade payables	(22,675)
Other payables, accruals and provisions	(121,660)
Tax payable	(2,143)
Bank and other borrowings	(67,000)
Deferred tax liabilities	(41,735)
Total identifiable net assets at fair value	2,266,337
Non-controlling interest measures at fair value	(149,830)
	<u>2,116,507</u>
<u>Consideration transferred</u>	
Cash	626,062
Consideration shares	1,490,445
Total consideration transferred	<u>2,116,507</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>

* The fair value of assets acquired and liabilities recognised presented may be subjected to changes upon the completion and finalisation of the respective 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												
					Effects of changes in ownership interest in subsidiaries where there is no change in control						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	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	3,278,603	(96)	553,402	(141,282)	24,465	97,875	2,099	(39,525)	(25,881)	(200,315)	3,690,627	586,332	4,276,959
Profit for the period	-	-	68,373	-	-	-	-	-	-	-	68,373	15,810	84,183
Other comprehensive income													
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
Transactions with owners recognised directly in equity													
Transfer to general reserve	-	-	76	(76)	-	(76)	-	-	-	-	-	-	-
Total	-	-	76	(76)	-	(76)	-	-	-	-	-	-	-
Others													
Dividends declare to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(4,560)	(4,560)
Total	-	-	-	-	-	-	-	-	-	-	-	(4,560)	(4,560)
Balance at 31.3.15	3,278,603	(96)	621,851	(147,104)	24,465	97,799	39,074	(82,246)	(25,881)	(200,315)	3,753,254	597,582	4,350,836
Profit for the period	-	-	83,077	-	-	-	-	-	-	-	83,077	19,211	102,288
Other comprehensive income													
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
Transactions with owners recognised directly in equity													
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
Others													
Dividend declare to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(6,492)	(6,492)
Total	-	-	-	-	-	-	-	-	-	-	-	(6,492)	(6,492)
Balance at 30.6.15	4,769,049	(96)	697,690	(79,503)	24,465	105,037	96,308	(74,825)	(30,173)	(200,315)	5,387,140	656,788	6,043,928

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											
					Effects of changes in ownership interest in subsidiaries where there is no change in control					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	Translation reserve	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
Balance at 1.1.14	2,512,500	(96)	315,724	(98,551)	24,465	73,137	30,532	(26,370)	(200,315)	2,729,577	559,539	3,289,116
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	2,512,500	(96)	379,335	(82,333)	24,465	73,137	46,750	(26,370)	(200,315)	2,809,406	557,316	3,366,722
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	2,511,950	(96)	445,079	(73,015)	24,465	73,346	55,370	(25,881)	(200,315)	2,883,918	565,605	3,449,523

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	Treasury shares	Retained earnings/ (Accumulated losses)	Other reserves*	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.1.15	3,278,603	(96)	109,251	(141,574)	3,246,184
Loss 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 income 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
Profit for the period	-	-	(22,197)	-	(22,197)
<u>Other comprehensive income</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	-	-	-	-	-
Balance at 30.6.15	4,769,049	(96)	101,663	(177,627)	4,692,989

* 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				
	Share capital	Treasury shares	Retained earnings/ (Accumulated losses)	Other reserves*	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.1.14	2,512,500	(96)	55,229	(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
Other comprehensive income for the period, net of tax	-	-	-	67,154	67,154
Total comprehensive income/ (loss) for the period	-	-	(3,383)	67,154	63,771
Balance at 31.3.14	2,512,500	(96)	51,846	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
Other comprehensive income for the period, net of tax	-	-	-	29,780	29,780
Total comprehensive income for the period	-	-	12,599	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	2,635,129

* 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 2015 and 31 March 2015	9,589,574,132	3,278,603
Share placement of 1,560,000,000 shares	1,560,000,000	1,490,446
Balance at 30 June 2015	11,149,574,132	4,769,049

As at 30 June 2015, the number of ordinary shares in issue was 11,149,574,132 of which 282,000 shares were held by the Company as treasury shares (30 June 2014: 8,589,574,132 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 30 June 2015, there were no convertible securities outstanding (30 June 2014: Nil).

In connection with the acquisition of Rise Wealth Investments Ltd. ("**Rise Wealth**") in FY2012, the Company may be required to issue up to 133,652,038 ("**Earn-Out Shares**") if certain conditions are being met. Please refer to announcement dated 10 June 2012 for more details.

- 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 30 June 2015, there were 282,000 treasury shares held (31 December 2014: 282,000). Total number of issued shares excluding treasury shares, as at 30 June 2015 was 11,149,292,132 (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 period ended 30 June 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		6 Months Ended	
	30.6.15	30.6.14	30.6.15	30.6.14
	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)	0.81	0.77	1.52	1.51
- Weighted average number of shares ('000)	10,284,510	8,589,292	9,942,662	8,589,292
(ii) On a fully diluted basis of ordinary shares (RMB cents)	0.80	0.76	1.50	1.49
- Weighted average number of shares ('000)	10,418,162	8,708,094	10,076,314	8,678,886

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 30 June 2015	48.32	42.09
As at 31 December 2014	38.49	33.85

Net asset value per share is calculated based on the number of shares in issue (excluding treasury shares) of 11,149,292,132 as at 30 June 2015 (31 December 2014: 9,589,292,132).

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 RMB787.6 million in 1HFY2014 to RMB790.6 million in 1HFY2015, representing an increase of 0.4%. Gross profit ("GP") has increased from RMB299.3 million in 1HFY2014 to RMB332.7 million in 1HFY2015. Profit from operations improved by 9.1% from RMB237.1 million in 1HFY2014 to RMB258.7 million in 1HFY2015.

Consequently, the Group's profit after tax (attributable to owners of the Company) increased from RMB129.6 million in 1HFY2014 to RMB151.5 million in 1HFY2015, representing an increase of 16.9%.

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) fair value gain of RMB4.2 million recognised from the new investment in a Held-for-trading financial instrument in 1HFY2015.

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

	2QFY2015	2QFY2014	Change	1HFY2015	1HFY2014	Change
	RMB '000	RMB '000	%	RMB '000	RMB '000	%
Construction	106,031	161,419	(34.3%)	211,566	278,470	(24.0%)
Operating and maintenance income from service concession arrangements	195,920	168,102	16.5%	368,106	319,117	15.4%
Financial income from service concession arrangements	64,958	55,628	16.8%	123,524	108,018	14.4%
Service income	31,647	41,807	(24.3)	55,417	63,163	(12.3)
Others	18,118	10,484	72.8%	32,036	18,858	69.9%
Total	416,674	437,440	(4.7%)	790,649	787,626	0.4%

Overall, the Group's revenue slightly increased by RMB3.0 million or 0.4%, from RMB787.6 million in 1HFY2014 to RMB790.6 million in 1HFY2015. However, the Group's revenue decreased by RMB20.8 million or 4.7%, from RMB437.4 million in 2QFY2014 to RMB416.7 million in 2QFY2015. Except for "Construction" and "Service income", revenue across all categories increased in 1HFY2015 and 2QFY2015 as compared to 1HFY2014 and 2QFY2014.

Construction Revenue

Construction revenue amounted to RMB106.0 million and RMB211.6 million in 2QFY2015 and 1HFY2015 respectively (2QFY2014: RMB161.4 million; 1HFY2014: RMB278.5 million). The lower revenue was mainly due to relatively lower amount of construction activities in progress in 2QFY2015 and 1HFY2015 as compared to 1QFY2014 and 1HFY2014.

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 RMB260.9 million and RMB491.6 million in 2QFY2015 and 1HFY2015 respectively (2QFY2014: RMB223.7 million; 1HFY2014: RMB427.1 million). The higher revenue was due mainly to (i) higher water treatment and supply sales volume; (ii) contribution by Shanghai Qingpu Second Wastewater Treatment Co., Limited ("**Shanghai Qingpu**"), Dongguan Fenggang Yantian Fangzhong Water Services Co., Ltd. ("**DGFG**"), Dongguan Shijie Shayao Water Purification Co., Ltd. ("**DGSJ**") and Dazhou Jiajing Environment Renewable Resource Co., Ltd. ("**Dazhou Jiajing**") 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 RMB31.6 million and RMB55.4 million in 2QFY2015 and 1HFY2015 (2QFY2014: RMB41.8 million; 1HFY2014: RMB63.2 million). The decrease was due mainly to lower water treatment volume from operation and maintenance projects in 2QFY2015 and 1HFY2015 respectively.

Other Revenue

Others revenue amounted to RMB18.1 million and RMB32.0 million in 2QFY2015 and 1HFY2015 (2QFY2014: RMB10.5 million; 1HFY2014: RMB18.9 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 RMB20.8 million or 12.9% from RMB160.4 million in 2QFY2014 to RMB181.2 million in 2QFY2015. Meanwhile, GP increased by RMB33.4 million or 11.2% from RMB299.3 million in 1HFY2014 to RMB332.7 million in 1HFY2015. The increase was mainly due to contribution from newly acquired subsidiaries (Shanghai Qingpu, DGFG, DGSJ and Fudan Water).

GPM increased by 6.8 percentage point from 36.7% in 2QFY2014 to 43.5% in 2QFY2015. Meanwhile, GPM increased by 4.1 percentage point from 38.0% in 1HFY2014 to 42.1% in 1HFY2015. The increase was mainly due to lower contribution from construction category (which has a lower GPM) during 2QFY2015 and 1HFY2015 as compared to 2QFY2014 and 1HFY2014.

(C) Other Operating Income/ Other Operating Expenses/ Foreign Exchange (Gain)/ Loss

Other operating income and other operating expenses for 2QFY2015 amounted to RMB3.5 million (2QFY2014: RMB3.5 million) and RMB5.3 million (2QFY2014: nil) respectively. Meanwhile, other operating income and other operating expenses for 1HFY2015 amounted to RMB9.2 million (1HFY2014: RMB14.5 million) and RMB0.3 million (1HFY2013: 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 gain (mainly resulting from movement of RMB against SGD) under "Other operating income" in 2QFY2014 and 1HFY2014, as contrast against foreign exchange loss, recorded under "Other operating expenses" in 2QFY2015 and 1HFY2015.

(D) Finance Income

Finance income decreased from RMB3.6 million in 1QFY2014 to RMB3.1 million in 1QFY2015 and RMB6.8 million in 1HFY2014 to RMB5.0 million in 1HFY2015. The decrease in finance income was due mainly to decrease in average cash and cash equivalents balances in 2QFY2015 and 1HFY2015 as compared to 1QFY2014 and 1HFY2014.

(E) Finance Expenses

Finance expense amounted to RMB41.8 million and RMB78.8 million in 2QFY2015 and 1HFY2015 (2QFY2014: RMB36.9 million; 1HFY2014: RMB70.7 million). The increase in finance expenses was due mainly to increase in average interest-bearing loans and borrowings in 2QFY2015 and 1HFY2015 as compared to 1QFY2014 and 1HFY2014.

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

(F) Other Income

Other income increased from RMB3.9 million in 2QFY2014 to RMB18.9 million in 2QFY2015 and from RMB6.7 million in 1HFY2014 to RMB24.4 million in 1HFY2015. The increase was due mainly to fair value gain recognised from the held-for-trading financial instrument and reversal of accrual of expenses relating to one of the borrowings, which were no longer required in 1HFY2015.

(G) Other Expenses

Other expenses for 1HFY2014 of RMB3.8 million relates to the loss on disposal of interest in a subsidiary, Kunming Nanfang Water Co., Ltd., after taking into consideration of the relevant PPA impact upon the initial acquisition. There was no such disposal during 1HFY2015.

(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.

(I) Income Tax Expenses

Income tax expense amounted to RMB28.2 million and RMB53.3 million in 2QFY2015 and 1HFY2015 (2QFY2014: RMB23.9 million; 1HFY2014: RMB39.5 million). The higher income tax expense was due mainly to lower write-back for over-provisioning of tax in respect of prior years in 1QFY2015 and 1HFY2015 as compared to 1QFY2014 and 1HFY2014.

(J) Amortisation of Intangible Assets

Amortisation of intangible assets increased from RMB15.9 million in 2QFY2014 to RMB18.7 million in 2QFY2015 and RMB28.7 million in 1HFY2014 to RMB37.1 million in 1HFY2015. The increase was due to full period amortisation by Dazhou Jiajing, DGFG and DGSJ which were acquired in FY2014 and certain water supply facilities that commenced operation in FY2014.

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

STATEMENTS OF FINANCIAL POSITION

(K) Current Assets

Current assets as at 30 June 2015 amounted to RMB2.1 billion (31 December 2014: RMB2.0 billion). The increase was due mainly to (i) higher trade receivables due to billings raised net of collections during the period; (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 1HFY2015 (for details, please refer to analysis on “Statement of cash flows” below).

(L) Non-current Assets

Non-current assets as at 30 June 2015 amounted to RMB8.7 billion (31 December 2014: RMB6.2 billion). The increase was due mainly to (i) consolidation of the newly acquired entity, Fudan Water; (ii) completion of the transfer of a TOT wastewater treatment project; (iii) construction of certain wastewater treatment projects during 1QFY2015; and (iv) fair value gain on investment in Canvest Environmental Protection Group Company Limited (“**Canvest**”). The increase was partially offset by (i) disposal of certain reclaimed water treatment assets; and (ii) decrease in prepayment made for a TOT wastewater treatment project in FY2014. Following the completion of the transfer, the related prepayment made in prior year was adjusted accordingly as at 30 June 2015.

(M) Current Liabilities

Current liabilities as at 30 June 2015 amounted to RMB2.7 billion (31 December 2014: RMB1.8 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

Non-current liabilities as at 30 June 2015 amounted to RMB2.1 billion (31 December 2014: RMB2.0 billion). The increase was due mainly to consolidation of Fudan Water.

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

STATEMENT OF CASH FLOWS

As at 30 June 2015, the Group’s cash and cash equivalents stood at RMB818.5 million (31 December 2014: RMB1.1 billion). In 1HFY2015, net cash of RMB169.0 million was used in the Group’s operating activities. The movement in working capital changes for 1HFY2015 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 RMB199.3 million; and (ii) cash outflow in relation to refundable deposits for bidding of service concession projects of RMB101.0 million. Excluding these additions of receivables under service concession arrangements and refundable deposits, the net cash generated from operating activities for 1HFY2015 would be RMB131.3 million. Net cash used in the Group’s investing activities of RMB638.0 million in 1HFY2015 was due mainly to (i) purchase of intangibles; (ii) net cash outflow on acquisition of Fudan Water and (iii) 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 RMB507.6 million in 1HFY2015 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.

In April, the Group jointly invested with International Finance Corporation in MTI Environment Group Ltd., a well-known enterprise in the domestic sludge treatment industry and an Engineering, Procurement and Construction contractor in the water treatment industry. This marks the Group’s first investment in the sludge treatment sector.

In the same month of April 2015, the Group acquired an aggregate of 14.7849% equity interest in Nanfang Water Co., Ltd. (“Nanfang”), increasing its stake from 76.419% to 91.203%. The increased ownership interest in Nanfang will enhance the Group’s current business operations and shareholder’s value.

In May, the Group started construction of Wuhan Hanxi Phase 2 (“Hanxi Phase 2”) expansion project with total expecting investment amounting to RMB700 million. Upon completion, Hanxi Phase 2 will contribute a water treatment capacity of 600,000 tons/day to the Group.

Also in May 2015, the Group announced the finalization of acquisition of Fudan Water Group, which currently undertakes about 10 projects with a design water treatment capacity of over 1 million tons/day in Shanghai City, Jiangsu, Zhejiang and Guangdong provinces.

In June, Nanfang has been awarded Meihu Water Treatment Center Phase 3 BOT wastewater treatment project by Huizhou Environmental Protection Agency in Huizhou City, China, with a design capacity of 100,000 tons/day for a concessionary period of 27 years, including 2 years of construction phase.

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. – cont'd.

In July 2015, the Group announced that its wholly-owned subsidiary, Wuhan Huang-Pi Kaidi Water Services Co., Ltd. has been awarded a BOT project with a design capacity of 25,000 tons/day at grade 1A and a concessionary period of 30 years. In the same month, the Group's 75.5% owned subsidiary, SIIC Environment Holdings (Weifang) Co., Ltd. ("SIIC Weifang") has been awarded a BOT wastewater treatment project by the Construction Authority of Dalian City in QuanShuiHe, Dalian City, Liaoning Province, China, with a design capacity of 105,000 tons/day for a concessionary period of 22 years, including the construction phase and the associate business operation period.

At the date of the announcement, the Group is currently holding a portfolio of about 80 water treatment and supply projects (including Longjiang Environmental Protection Group Co., Ltd. ("Longjiang")) with a total design capacity of about 6.7 million tons/day.

Prospects in the sector continue to look promising as the Ministry of Environmental Protection disclosed in the upcoming 13th Five-Year Plan that annual investments will largely rise. In April 2015, the Action Plan on Prevention of Water Pollution ("Action Plan" or "水十条") was announced by China's State Council. The Action Plan introduced more stringent regulations and set new targets for the water industry. Apart from lifting the standards of water supply and wastewater treatment, it has set a deadline for wastewater treatment to achieve Grade 1A discharge standard by 2017. In addition, urban sewage treatment rate must be further elevated from 85% in 2015 to 95% by 2020. The Action Plan urged local governments to accelerate the reform of water-pricing mechanisms and all cities must adopt a tiered pricing system by 2015. The Action Plan also called for the upgrading of current sludge treatment facilities by the end of 2017, while the city sludge treatment rate should reach 90% by 2020. These developments will be favorable to the water industry players. The group will focus on capturing opportunities arising from growing PPP trends as well.

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	
<u>Less utilisation:</u>		
- 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.
Balance of net proceeds raised from the 2014 Share Placement as at date of this result announcement	12.51	

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 30 June 2015, to be false or misleading, in any material aspect.

On Behalf of the Board of Directors,

Feng Jun
Executive Director

Xu Zhan
Executive Director

BY ORDER OF THE BOARD

Xu Zhan
Executive Director
12 August 2015