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 Six Months ended 30 June 2016

12 August 2016

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

Second Quarter and First Half of Financial Year 2016 Financial Statements And Dividend Announcement

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2&Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED RESULTS FOR THE SECOND QUARTER ("2QFY2016") AND FIRST HALF FINANCIAL YEAR ("1HFY2016) ENDED 30 JUNE 2016

		Group					
		3 Months Ended		Changes	6 Months Ended		Changes
	Note	30.6.16	30.6.15		30.6.16	30.6.15	
		RMB'000	RMB'000	%			%
Revenue	(A)	556,269	416,674	33.5	1,119,300	790,649	41.6
Cost of sales		(364,592)	(235,522)	54.8	(751,049)	(457,926)	64.0
Gross profit	(B)	**191,677**	**181,152**	5.8	**368,251**	**332,723**	10.7
Other operating income	(C)	7,854	3,541	>100.0	18,593	9,175	>100.0
Selling and distribution costs	(D)	(8,635)	(3,377)	>100.0	(14,994)	(7,034)	>100.0
Administrative expenses	(E)	(57,192)	(43,855)	30.4	(101,779)	(75,882)	34.1
Other operating expenses	(C)	-	(5,269)	(100.0)	(563)	(276)	>100.0
Profit from operations		**133,704**	**132,192**	1.1	**269,508**	**258,706**	4.2
Finance income	(F)	2,075	3,071	(32.4)	3,867	4,972	(22.2)
Finance expenses	(G)	(47,276)	(41,770)	13.2	(93,334)	(78,844)	18.4
Other income	(H)	45,915	18,883	>100.0	63,215	24,399	>100.0
Share of results of joint ventures	(I)	17,765	13,770	29.0	35,760	25,394	40.8
Share of results of associates	(I)	5,386	4,298	25.3	10,733	5,166	>100.0
Profit before tax	(i)	**157,569**	**130,444**	20.8	**289,749**	**239,793**	20.8
Income tax expense	(ii)	(35,123)	(28,156)	24.7	(61,145)	(53,322)	14.7
Profit for the period		**122,446**	**102,288**	19.7	**228,604**	**186,471**	22.6
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Foreign currency translation, net of tax		556	7,421	(92.5)	55,648	(35,300)	<(100.0)
Investment revaluation reserve	(L)	(3,299)	57,234	<(100.0)	11,873	94,209	(87.4)
Total comprehensive income for the period		**119,703**	**166,943**	(28.3)	**296,125**	**245,380**	20.7
Profit for the period attributable to:							
Owners of the Company		101,162	83,077	21.8	190,616	151,450	25.9
Non-controlling interests		21,284	19,211	10.8	37,988	35,021	8.5
		122,446	**102,288**	19.7	**228,604**	**186,471**	22.6
Total comprehensive income attributable to:							
Owners of the Company		98,419	147,732	(33.4)	258,137	210,359	22.7
Non-controlling interests		21,284	19,211	10.8	37,988	35,021	8.5
		119,703	**166,943**	(28.3)	**296,125**	**245,380**	20.7

N.M. – Not Meaningful

Notes:

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

	3 Months Ended		6 Months Ended	
	30.6.16	30.6.15	30.6.16	30.6.15
	RMB'000	RMB'000	RMB'000	RMB'000
Amortisation of intangible assets (Note J)	35,085	18,727	68,009	37,089
Amortisation of land use rights	67	49	122	98
Depreciation of property, plant and equipment	3,010	2,563	6,011	5,687
Written off of property, plant and equipment	-	78	-	111
Loss/(Gain) on disposal of property, plant and equipment	153	15	414	(3,081)
Gain on disposal of intangible assets	(2,553)	-	(2,553)	-
Foreign exchange (gain)/ loss, net (Note C)	(1,542)	5,269	563	276
Allowance/(Reversal) for doubtful receivables (trade)	906	131	(863)	(508)
(Reversal)/Allowance for doubtful receivables, net (non-trade)	(3,176)	24	(8,232)	299
Reversal of allowance for inventories	(7)	(20)	(7)	(20)
Fair value loss/(gain) from held-for-trading investment	780	(4,069)	(1,000)	(4,246)

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

	3 Months Ended		6 Months Ended	
	30.6.16	30.6.15	30.6.16	30.6.15
	RMB'000	RMB'000	RMB'000	RMB'000
Under/ (over) provision of tax in respect of prior periods	434	(287)	164	116

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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 30.6.16	As At 31.12.15	As At 30.6.16	As At 31.12.15
		RMB'000	RMB'000	RMB'000	RMB'000
Current assets					
Cash and cash equivalents		800,699	795,228	11,535	69,565
Pledged bank deposits		63,738	76,768	-	-
Trade and other receivables		701,931	864,194	730	7,228
Bills receivables		2,427	939	-	-
Prepayments		19,456	14,773	1,082	1,535
Inventories		24,483	20,768	-	-
Receivables under service concession arrangements		130,837	123,816	-	-
Amounts due from customers for contract work		151,416	68,780	-	-
Amounts due from subsidiaries		-	-	2,142,462	2,088,783
Amounts due from joint venture		787	1,437	787	1,437
Amounts due from associate		32,429	20,836	-	-
Held-for-trading investment		22,166	19,222	-	-
Total current assets	(K)	**1,950,369**	**2,006,761**	**2,156,596**	**2,168,548**
Non-current assets					
Available-for-sale financial instruments		214,075	191,836	13,553	12,567
Prepayments		24,762	336,363	-	-
Receivables under service concession arrangements		4,953,235	4,663,830	-	-
Property, plant and equipment		107,810	104,921	1,836	352
Intangible assets		3,695,354	3,219,714	-	-
Land use rights		6,585	4,720	-	-
Retention monies		4,497	4,118	-	-
Deferred tax assets		20,826	16,940	-	-
Investment in subsidiaries		-	-	2,636,328	2,349,890
Interest in joint ventures		741,364	661,128	545,742	506,029
Interest in associates		598,386	557,703	-	-
Goodwill on consolidation		457,241	457,241	-	-
Amounts due from associate		14,543	19,543	-	-
Total non-current assets	(L)	**10,838,678**	**10,238,057**	**3,197,459**	**2,868,838**
Total assets		**12,789,047**	**12,244,818**	**5,354,055**	**5,037,386**
Current liabilities					
Trade and other payables		1,043,171	1,017,417	21,357	17,380
Bills payable to banks		11,819	12,376	-	-
Tax payable		28,745	32,125	-	-
Amounts due to customers for contract work		24,947	20,934	-	-
Amounts due to subsidiaries		-	-	124,671	133,193
Bank and other borrowings		2,102,418	1,937,976	127,962	10,469
Finance lease		-	16,667	-	-
Total current liabilities	(M)	**3,211,100**	**3,037,495**	**273,990**	**161,042**
Non-current liabilities					
Bank and other borrowings		1,670,261	1,768,875	-	113,415
Deferred tax liabilities		893,159	791,837	-	-
Other non-current liabilities		66,022	67,162	-	-
Total non-current liabilities	(N)	**2,629,442**	**2,627,874**	**-**	**113,415**
Capital, reserves and non-controlling interest					
Share capital		4,861,138	4,861,138	4,861,138	4,861,138
Treasury shares		(96)	(96)	(96)	(96)
Retained earnings		985,149	797,571	53,059	107,746
Other reserves		(76,492)	(147,051)	165,964	(205,859)
Equity attributable to owners of the Company		**5,769,699**	**5,511,562**	**5,080,065**	**4,762,929**
Non-controlling interests		1,178,806	1,067,887	-	-
Total equity		**6,948,505**	**6,579,449**	**5,080,065**	**4,762,929**
Total liabilities and equity		**12,789,047**	**12,244,818**	**5,354,055**	**5,037,386**

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

Amount repayable in one year or less, or on demand

As at 30.6.16 RMB'000		**As at 31.12.15 RMB'000**	
Secured/ Guaranteed	Unsecured/ Unguaranteed	Secured/ Guaranteed	Unsecured/ Unguaranteed
1,699,325	414,912	1,627,658	339,361

Amount repayable after one year

As at 30.6.16 RMB'000		**As at 31.12.15 RMB'000**	
Secured/ Guaranteed	Unsecured/ Unguaranteed	Secured/ Guaranteed	Unsecured/ Unguaranteed
982,618	687,643	953,180	815,695

Details of any collateral

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

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

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

	Group For 3 Months Ended		Group For 6 Months Ended	
	30.6.16	30.6.15	30.6.16	30.6.15
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Profit before tax	**157,569**	**130,444**	**289,749**	**239,793**
Adjustments for:				
Allowance /(Reversal) for doubtful receivables, net (trade)	906	131	(863)	(508)
(Reversal)/Allowance for doubtful receivables, net (non-trade)	(3,176)	24	(8,232)	299
Reversal of allowance for inventories	(7)	(20)	(7)	(20)
Depreciation of property, plant and equipment	3,010	2,563	6,011	5,687
Property, plant and equipment written off	-	78	-	111
Amortisation of intangible assets	35,085	18,727	68,009	37,089
Amortisation of land use rights	67	49	122	98
Loss/(Gain) on disposal of property, plant and equipment	153	15	414	(3,081)
Gain on disposal of intangible assets	(2,553)	-	(2,553)	-
Finance income	(2,075)	(3,071)	(3,867)	(4,972)
Finance expenses	47,276	41,770	93,334	78,844
Share of results of associates	(5,386)	(4,298)	(10,733)	(5,166)
Share of results of joint ventures	(17,765)	(13,770)	(35,760)	(25,394)
Foreign exchange (gain)/loss	(2,971)	3,396	2,728	(3,260)
Fair value loss/(gain) from held for trading investment	780	(4,069)	(1,000)	(4,246)
Operating cash flow before working capital changes	**210,913**	**171,969**	**397,352**	**315,274**
(Increase)/decrease in:				
Inventories	693	1,801	(577)	(534)
Amounts due from/to customers for contract work, net	(51,126)	(3,503)	(78,686)	2,248
Trade receivables, other receivables and prepayments	(46,115)	(118,403)	115,013	(154,142)
Bills receivables	(557)	(1,042)	(1,488)	475
Receivables under service concession arrangements	(152,716)	(75,755)	(277,416)	(203,637)
Amounts due from joint ventures	(349)	(1,009)	470	(185)
Amounts due from associate	(2,862)	(250)	(2,365)	(250)
Increase/(decrease) in:				
Trade payables and other payables(inclusive of non-current liabilities)	120,065	(34,052)	37,931	(19,493)
Bills payable to banks	(1,247)	(64,320)	(557)	(72,756)
Cash from/(used in) operating activities	**76,699**	**(124,564)**	**189,677**	**(133,000)**
Interest received	1,467	1,406	2,726	3,307
Income tax paid	(19,888)	(20,726)	(38,186)	(39,311)
Net cash from/(used in) operating activities (Note A)	**58,278**	**(143,884)**	**154,217**	**(169,004)**
Cash flows from investing activities:				
Purchase of property, plant and equipment	(3,472)	(1,907)	(8,035)	(6,636)
Purchase of intangible assets, net of amount on credit terms	(31,884)	(4,022)	(51,698)	(22,355)
Proceeds from grants	-	-	-	7,300
Decrease/(increase) in prepayment for property, plant and equipment and intangible assets	263	1,375	(1,431)	452
Proceeds from disposal of property, plant and equipment	16	123	171	123
Net cash (outflow)/inflow on acquisition of subsidiaries (Note B)	-	(598,542)	28,190	(598,542)
Net cash outflow on acquisition of an associate	-	-	(150)	-
Dividend received from associates	180	-	300	100
Net cash outflow on investment in held-for-trading financial instrument	-	-	-	(18,476)
Net cash used in investing activities	**(34,897)**	**(602,973)**	**(32,653)**	**(638,034)**

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	
	30.6.16	30.6.15	30.6.16	30.6.15
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from financing activities:				
Proceeds from bank and other borrowings	57,000	789,542	109,000	1,028,267
Repayment of bank and other borrowings	(104,053)	(57,237)	(139,574)	(326,598)
Repayment under finance leaseback arrangement	(8,334)	(8,334)	(16,667)	(16,667)
Interest paid	(53,550)	(37,319)	(76,818)	(77,896)
Dividend paid to non-controlling interest in subsidiaries	-	(3,362)	(4,600)	(12,262)
Acquisition of non-controlling interests	-	(107,634)	-	(107,634)
Decrease in deposits pledged to banks	18,181	24,302	13,029	20,352
Net cash (used in)/generated from financing activities	**(90,756)**	**599,958**	**(115,630)**	**507,562**
Net (decrease)/increase in cash and cash equivalents	(67,375)	(146,899)	5,934	(299,476)
Cash and cash equivalents at beginning of period	866,361	964,538	795,228	1,119,272
Effects of exchange rate changes on the balance of cash held in foreign currencies	1,713	893	(463)	(1,264)
Cash and cash equivalents at end of period	**800,699**	**818,532**	**800,699**	**818,532**

Cash and cash equivalents at end of period				
Cash and bank balances	864,438	865,584	864,438	865,584
Less: Pledged bank deposits	(63,739)	(47,052)	(63,739)	(47,052)
Cash and cash equivalents	**800,699**	**818,532**	**800,699**	**818,532**

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 1HFY2016 and 2QFY2016 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 RMB220.9 million (1HFY2015: RMB199.3 million) and RMB133.6 million (2QFY2015: RMB81.5 million) respectively; and (ii) cash inflow in relation to refundable deposit for bidding of service concession projects of RMB100.0 million (1HFY2015: cash outflow of RMB101.0 million) and Nil (2QFY2015: cash outflow of RMB101.0 million) respectively. Excluding these additions of receivables under service concession arrangements and refundable deposits, the net cash generated from operating activities for 1HFY2016 and 2QFY2016 would be RMB275.1 million (1HFY2015: RMB131.3 million) and RMB191.9 million (2QFY2015: RMB38.6 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 Yiyang City Tap Water Co., Ltd. ("Yiyang Tap Water")

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

The purchase price allocation ("**PPA**") exercise in respect of the above acquisition has not been completed as at 30 June 2016. The Group has 12 months from date of acquisition to finalise the fair value measurement and accounting as allowed under FRS 103R Business Combinations. For 1QFY2016, the Group has determined that the purchase consideration for this acquisition to approximate the provisional fair value of the net identifiable asset acquired. Accordingly, no provisional goodwill or negative goodwill arising from this acquisition was recognised.

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

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

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

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

GROUP	Attributable to owners of the Company											
	Share capital	Treasury shares	Retained earnings	Other reserves, total	General Reserve	Investment revaluation reserve	Translation reserve	Effects of changes in ownership interest in subsidiaries where there is no change in control	Merger reserve	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.1.16	**4,861,138**	**(96)**	**797,571**	**(147,051)**	**152,213**	**56,862**	**(125,638)**	**(30,173)**	**(200,315)**	**5,511,562**	**1,067,887**	**6,579,449**
Profit for the period	**-**	**-**	89,454	**-**	**-**	-	-	**-**	**-**	**89,454**	16,704	**106,158**
Other comprehensive income												
Exchange differences arising on translation, net of tax	**-**	**-**	-	**55,092**	**-**	**-**	55,092	**-**	**-**	**55,092**	**-**	**55,092**
Fair value change on available-for-sale financial instrument	**-**	**-**	-	**15,172**	**-**	15,172	-	**-**	**-**	**15,172**	**-**	**15,172**
Other comprehensive income for the period, net of tax	**-**	**-**	-	**70,264**	-	15,172	55,092	-	-	**70,264**	**-**	**70,264**
Total comprehensive income for the period	**-**	**-**	**89,454**	**70,264**	**-**	**15,172**	**55,092**	**-**	**-**	**159,718**	**16,704**	**176,422**
Transactions with owners recognised directly in equity												
Transfer to general reserve	-	-	56	**(56)**	(56)	-	-	-	-	-	-	**-**
Acquisition of a subsidiary	-	-	-	**-**	-	-	-	-	-	-	32,021	**32,021**
Total	**-**	**-**	**56**	**(56)**	**(56)**	**-**	**-**	**-**	**-**	**-**	**32,021**	**32,021**
Others												
Dividend declared to non-controlling interests	-	-	-	**-**	-	-	-	-	-	**-**	(4,600)	(4,600)
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4,600)**	**(4,600)**
Balance at 31.3.16	**4,861,138**	**(96)**	**887,081**	**(76,843)**	**152,157**	**72,034**	**(70,546)**	**(30,173)**	**(200,315)**	**5,671,280**	**1,112,012**	**6,783,292**
Profit for the period	**-**	**-**	101,162	**-**	**-**	-	-	**-**	**-**	**101,162**	21,284	**122,446**
Other comprehensive income												
Exchange differences arising on translation, net of tax	**-**	**-**	-	**556**	**-**	**-**	556	**-**	**-**	**556**	**-**	**556**
Fair value change on available-for-sale financial instrument	**-**	**-**	-	**(3,299)**	**-**	(3,299)	-	**-**	**-**	**(3,299)**	**-**	**(3,299)**
Other comprehensive income for the period, net of tax	**-**	**-**	-	**(2,743)**	**-**	(3,299)	556	**-**	**-**	**(2,743)**	**-**	**(2,743)**
Total comprehensive income for the period	**-**	**-**	**101,162**	**(2,743)**	**-**	**(3,299)**	**556**	**-**	**-**	**98,419**	**21,284**	**119,703**
Transactions with owners recognised directly in equity												
Transfer to general reserve	-	-	(3,094)	**3,094**	3,094	-	-	-	-	-	-	**-**
Non-controlling interest upon proportional capital injection in a subsidiary	-	-	-	**-**	-	-	-	-	-	**-**	46,000	**46,000**
Total	**-**	**-**	**(3,094)**	**3,094**	**3,094**	**-**	**-**	**-**	**-**	**-**	**46,000**	**46,000**
Others												
Dividend declared to non-controlling interests	-	-	-	**-**	-	-	-	-	-	**-**	(490)	(490)
Total	**-**	**-**	-	**-**	-	**-**	**-**	**-**	**-**	**-**	**(490)**	**(490)**
Balance at 30.6.16	**4,861,138**	**(96)**	**985,149**	**(76,492)**	**155,251**	**68,735**	**(69,990)**	**(30,173)**	**(200,315)**	**5,769,699**	**1,178,806**	**6,948,505**

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	General Reserve	Investment revaluation reserve	Translation reserve	Effects of changes in ownership interest in subsidiaries where there is no change in control	Merger reserve	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.1.15 (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**
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)**	**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**
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	-	-	-	-	**-**	-	**-**
Acquisition of non-controlling interests	-	-	-	**(4,292)**	-	-	-	(4,292)	-	**(4,292)**	(103,343)	**(107,635)**
Acquisition of subsidiaries	-	-	-	**-**	-	-	-	-	-	**-**	149,830	**149,830**
Issue of shares	1,490,446	-	-	**-**	-	-	-	-	-	**1,490,446**	-	**1,490,446**
Total	**1,490,446**	**-**	**(7,238)**	**2,946**	**7,238**	**-**	**-**	**(4,292)**	**-**	**1,486,154**	**46,487**	**1,532,641**
Others												
Dividends 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

COMPANY	**Attributable to owners of the Company**				
	Share capital	**Treasury shares**	**Retained earnings**	**Other reserves***	**Total equity**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Balance at 1.1.16	**4,861,138**	**(96)**	**107,746**	**(205,859)**	**4,762,929**
Loss for the period	-	-	(29,828)	-	**(29,828)**
Other comprehensive income					
Exchange differences arising on translation, net of tax	-	-	-	217,938	**217,938**
Other comprehensive income for the period, net of tax	**-**	**-**	**-**	**217,938**	**217,938**
Total comprehensive (loss)/ income for the period	**-**	**-**	**(29,828)**	**217,938**	**188,110**
Balance at 31.3.16	**4,861,138**	**(96)**	**77,918**	**12,079**	**4,951,039**
Loss for the period	-	-	(24,859)	-	**(24,859)**
Other comprehensive income					
Exchange differences arising on translation, net of tax	-	-	-	153,885	**153,885**
Other comprehensive income for the period, net of tax	**-**	**-**	**-**	**153,885**	**153,885**
Total comprehensive (loss)/ income for the period	**-**	**-**	**(24,859)**	**153,885**	**129,026**
Balance at 30.6.16	**4,861,138**	**(96)**	**53,059**	**165,964**	**5,080,065**

* 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**	**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**
Profit for the period	-	-	14,609	-	**14,609**
Other comprehensive income					
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**
Loss for the period	-	-	(22,197)	-	**(22,197)**
Other comprehensive income					
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 (loss)/ income for the period	**-**	**-**	**(22,197)**	**75,459**	**53,262**
Transactions with owners recognised directly in equity					
Issue of shares	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**

* 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**
Issued and paid up share capital		
Balance at 1 January 2016 and 30 June 2016	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.

As at 30 June 2016, the number of ordinary shares in issue was 2,256,645,126 of which 56,400 shares were held by the Company as treasury shares (30 June 2015: 11,149,574,132 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 2016, there were no convertible securities outstanding (30 June 2015: Nil).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 30 June 2016, there were 56,400 treasury shares held (31 December 2015: 56,400). Total number of issued shares excluding treasury shares, as at 30 June 2016 was 2,256,588,726 (31 December 2015: 2,256,588,726).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares for the financial period ended 30 June 2016.

2. Whether the figures have been audited, or reviewed and in accordance with which standard or practice.

The figures have not been audited or reviewed by the Company's auditors**.**

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

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

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

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

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

	3 Months Ended		6 Months Ended	
	30.6.16	30.6.15	30.6.16	30.6.15
	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)	4.48	4.00	8.45	7.50
- Weighted average number of shares ('000)	2,256,589	2,056,902	2,256,589	2,015,263
(ii) On a fully diluted basis of ordinary shares (RMB cents)	4.48	4.00	8.45	7.50
- Weighted average number of shares ('000)	2,256,589	2,056,902	2,256,589	2,015,263

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 30 June 2016	255.68	225.12
As at 31 December 2015	244.24	211.07

Net asset value per share is calculated based on the number of shares in issue (excluding treasury shares) of 2,256,588,726 as at 30 June 2016 (31 December 2015: 2,256,588,726).

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

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affect the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

STATEMENT OF COMPREHENSIVE INCOME

Overall Review

The Group recorded an increase in revenue from RMB790.6 million in 1HFY2015 to RMB1,119.3 million in 1HFY2016, representing an increase of 41.6%. Gross profit ("**GP**") has increased from RMB332.7 million in 1HFY2015 to RMB368.3 million in 1HFY2016. Profit from operations improved by 4.2% from RMB258.7 million in 1HFY2015 to RMB269.5 million in 1HFY2016.

Consequently, the Group's profit after tax (attributable to owners of the Company) increased from RMB151.5 million in 1HFY2015 to RMB190.6 million in 1HFY2016, representing an increase of 25.9%.

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

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

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

(A) Revenue

	2QFY2016	2QFY2015	Change	1HFY2016	1HFY2015	Change
	RMB '000	RMB '000	%	RMB '000	RMB '000	%
Construction	222,032	106,031	>100.0	470,004	211,566	>100.0
Operating and maintenance income from service concession arrangements	210,272	195,920	7.3	405,776	368,106	10.2
Financial income from service concession arrangements	83,846	64,958	29.1	159,409	123,524	29.1
Service income	28,566	31,647	(9.7)	56,965	55,417	2.8
Others	11,553	18,118	(36.2)	27,146	32,036	(15.3)
Total	**556,269**	**416,674**	**33.5**	**1,119,300**	**790,649**	**41.6**

Overall, the Group's revenue increased by RMB328.7 million or 41.6%, from RMB790.6 million in 1HFY2015 to RMB1,119.3 million in 1HFY2016. Except for "Service income" in Q2FY2016 and "Others", revenue across all categories increased in 1HFY2016 and 2QFY2016 as compared to 1HFY2015 and 2QFY2015.

Construction Revenue

Construction revenue amounted to RMB222.0 million and RMB470.0 million in 2QFY2016 and 1HFY2016 respectively (2QFY2015: RMB106.0 million; 1HFY2015: RMB211.6 million). The higher revenue was mainly due to relatively higher amount of construction activities in progress in 2QFY2016 and 1HFY2016 as compared to 2QFY2015 and 1HFY2015.

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 RMB294.1 million and RMB565.2 million in 2QFY2016 and 1HFY2016 respectively (2QFY2015: RMB260.9 million; 1HFY2015: RMB491.6 million). The higher revenue was due mainly to (i) higher water treatment and supply sales volume; and (ii) contribution by newly acquired entities.

Service Income

Service income amounted to RMB28.6 million and RMB57.0 million in 2QFY2016 and 1HFY2016 respectively (2QFY2015: RMB31.6 million; 1HFY2015: RMB55.4 million). There was no material variance for service income in 2QFY2016 and 1HFY2016 as compared to 2QFY2015 and 1HFY2015.

Other Revenue

Other revenue amounted to RMB11.6 million and RMB27.1 million in 2QFY2016 and 1HFY2016 respectively (2QFY2015: RMB18.1 million; 1HFY2015: RMB32.0 million). The decrease was mainly due to lower 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 RMB10.5 million or 5.8% from RMB181.2 million in 2QFY2015 to RMB191.7 million in 2QFY2016. Meanwhile, GP increased by RMB35.6 million or 10.7% from RMB332.7 million in 1HFY2015 to RMB368.3 million in 1HFY2016. The increase was mainly due to contribution from newly acquired entities.

GPM decreased by 9.0 percentages from 43.5% in 2QFY2015 to 34.5% in 2QFY2016 and 9.2 percentages from 42.1% in 1HFY2015 to 32.9% in 1HFY2016. The decrease was due mainly to higher contribution from construction category during 2QFY2016 and 1HFY2016 (which has a relatively lower GPM).

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

Other operating income and other operating expenses for 2QFY2016 amounted to RMB7.8 million and Nil (2QFY2015: RMB3.5 million and RMB5.3 million) respectively. Meanwhile, other operating income and other operating expenses for 1HFY2016 amounted to RMB18.6 million and RMB0.6 million (1HFY2015: RMB9.2 million and RMB0.3 million) respectively. The variance in the other operating income and other operating expenses in 2QFY2016 as compared to 2QFY2015 was due mainly to foreign exchange gain/loss recognised for the period. The Group recorded a foreign exchange loss (mainly resulting from movement of RMB against SGD) under "Other operating expenses" in 2QFY2015, as contrast against foreign exchange gain recorded under "Other operating income" in 2QFY2016.

The increase in other operating income in 1HFY2016 as compared to 1HFY2015 was due mainly to a newly acquired entity.

(D) Selling and Distribution expenses

Selling and distribution expenses increased from RMB3.4 million in 2QFY2015 to RMB8.6 million in 2QFY2016 and RMB7.0 million in 1HFY2015 to RMB15.0 million in 1HFY2016. The increase in selling and distribution expenses was due mainly to a newly acquired entity.

(E) Administrative Expenses

Administrative expenses increased from RMB43.9 million in 2QFY2015 to RMB57.2 million in 2QFY2016 and RMB75.9 million in 1HFY2015 to RMB101.8 million in 1HFY2016. The increase in administrative expenses was due mainly to a newly acquired entity and increase in staff costs in 1HFY2016 as compared to 1HFY2015.

(F) Finance Income

Finance income decreased from RMB3.1 million in 2QFY2015 to RMB2.1 million in 2QFY2016 and RMB5.0 million in 1HFY2015 to RMB3.9 million in 1HF2016. The decrease in finance income was due mainly to decrease in average cash and cash equivalents balances in 2QFY2016 and 1HFY2016 as compared to 2QFY2015 and 1HFY2015.

(G) Finance Expenses

Finance expense amounted to RMB47.3 million and RMB93.3 million in 2QFY2016 and 1HFY2016 (2QFY2015: RMB41.8 million; 1HFY2015: RMB78.8 million) respectively. The increase in finance expenses was due mainly to increase in average interest-bearing loans and borrowings in 2QFY2016 and 1HFY2016 as compared to 2QFY2015 and 1HFY2015.

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

(H) Other Income

Other income increased from RMB18.9 million in 2QFY2015 to RMB45.9 million in 2QFY2016 and RMB24.4 million in 1HFY2015 to RMB63.2 million in 1HFY2016. The increase was due mainly to the recognition of value-added-tax refund imposed on billing raised from concession service agreements, which was only effective in July 2015.

(I) 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 higher contribution from joint ventures and associates in 2QFY2016 and 1HFY2016 as compared to 2QFY2015 and 1HFY2015.

(J) Amortisation of Intangible Assets

Amortisation of intangible assets increased from RMB18.7 million in 2QFY2015 to RMB35.1 million in 2QFY2016 and RMB37.1 million in 1HFY2015 to RMB68.0 million in 1HFY2016. The increase was due to newly acquired entities.

STATEMENTS OF FINANCIAL POSITION

(K) Current Assets

Current assets as at 30 June 2016 amounted to RMB1.95 billion (31 December 2015: RMB2.01 billion). The decrease was due mainly to the advance made to Yiyang Tap Water in FY2015. Following the completion of the acquisition of the entity, the related advance made in prior year was adjusted accordingly as at 30 June 2016.

(L) Non-current Assets

Non-current assets as at 30 June 2016 amounted to RMB10.84 billion (31 December 2015: RMB10.24 billion). The increase was due mainly to (i) consolidation of the newly acquired entity; (ii) construction of certain wastewater treatment projects during 1HFY2016 and (iii) fair value gain on available-for-sale financial instruments, which was recorded in investment revaluation reserve. The increase was partially offset by decrease in prepayment made for acquisition of an entity. Following the completion of the acquisition of the entity, the related prepayment made in prior year was adjusted accordingly as at 30 June 2016.

(M) Current Liabilities

Current liabilities as at 30 June 2016 amounted to RMB3.21 billion (31 December 2015: RMB3.04 billion). The increase was due mainly to consolidation of the newly acquired entity.

(N) Non-current Liabilities

There was no material variance for the Group's current liabilities as at 30 June 2016 as compared to 31 December 2015.

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

STATEMENT OF CASH FLOWS

As at 30 June 2016, the Group's cash and cash equivalents stood at RMB800.7 million (31 December 2015: RMB795.2 million). In 1HFY2016, net cash of RMB154.2 million was generated from the Group's operating activities. The movement in working capital changes for 1HFY2016 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 RMB220.9 million (1HFY2015: RMB199.3 million); and (ii) cash inflow in relation to refundable deposit for bidding of service concession projects of RMB100.0 million (1HFY2015: cash outflow of RMB101.0 million). Excluding these additions of receivables under service concession arrangements and refundable deposits, the net cash generated from operating activities for 1HFY2016 would be RMB275.1 million (1HFY2015: RMB131.3 million).

Net cash used the Group's investing activities of RMB32.7 million in 1HFY2016 was due mainly to net cash outflow from purchase of intangibles. This is partially offset by the cash inflow from acquisition of an entity.

Net cash used in financing activities of RMB115.6 million in 1HFY2016 was due mainly to (i) net repayment of bank borrowings and finance leaseback arrangement; (ii)interest paid; and (ii) 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.

Gaining Strong Momentum through Acquisitions and Organic Growth

The scale of the Group's water treatment facilities increased from 880,000 tons to 7 million tons from 2010 to 2015, a CAGR growth rate of over 40%. To accelerate the pace of business expansion, SIIC Environment strives towards achieving industry leader status by the end of 2020.

Growth through active acquisitions, organic growth in the regional divisions, and low-cost financing remain key strategies for boosting rapid business expansion. The Group places emphasis on the development of a solid long-term strategy, strict selection criteria for projects, and focuses on the franchising of Build Operate Transfer (BOT), Transfer Operate Transfer (TOT), Public Private Partnership (PPP) projects and Operation and Maintenance (O&M) services.

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

Gaining Strong Momentum through Acquisitions and Organic Growth – cont'd

2016 to date, the Group's newly added and upgrade & expansion water projects total a scale of 312,500 tons per day, involving an investment amount of approximately RMB690 million, including:

1. ChengNan Wastewater BOT Project in Suizhou City Hunan Province at Grade 1A discharge standard, with a design capacity of 50,000 tons/day
2. Linghai industrial waste water treatment Phase 2 project in Taizhou City Zhejiang Province at Grade 2 discharge standard, with a design capacity of 12,500 tons/day

3. Expansion and upgrade of Yinchuan Fifth Wastewater Treatment TOT+BOT Project in Ningxia Autonomous Region, with a design capacity of 100,000 tons/day, from Grade 1B to Grade 1A standard
4. Upgrade of Weifang High-tech Zone Wastewater Treatment BOT Project in Shandong Province, with a design capacity of 50,000 tons/day, from Grade 1B to Grade 1A standard
5. BaiHeNan Wastewater Treatment BOT Project in Nanyang City, Henan Province at Grade 1A discharge standard, with a design capacity of 100,000 tons/day

In August 2016, the Group's subsidiary company, Fudan Water Engineering and Technology Co., Ltd. entered into a capital increase and equity interest subscription agreement with Wulian Xinneng Waste Power Plant Co., Ltd ("Wulian Xinneng Ltd.). Wulian Xinneng Ltd. has a concession agreement with the government of Wulian County on the Wulian Waste Power Plant BOT project. The project is in the process of pre-construction preparation, with a total design capacity of 600 tons/day and waste treatment tariff of RMB88/ton. After the completion of the Project, the total designated capacity of the Group's waste incineration business is expected to reach 3,800 tons/day.

Expansion and Upgrade largely lifting project tariffs and capacities

As urban wastewater treatment regulations continue to rise in standards, the Group's 'Big Cities' expansion strategy continues to reap benefits, scaling up the Group's project sizes and increasing the average water tariff.

According to the draft "Urban Wastewater Treatment Plant Pollutant Emission Standards Report" 《城镇污水处理厂污染物排放标准（征求意见稿）》 released by China Ministry of Environment Protection in November 2015, newly built urban wastewater treatment facilities will need to conform to Grade 1A discharge standard starting from July 1, 2016. Furthermore, it is planned that by 1 January 2018, the upgrading of current urban sewage treatment facilities in the Sensitive Area to Grade 1A discharge standard will be completed. Timing and geographical scope of the implementation of Special Discharge Standard (quasi Surface Water IV Standard) is determined by the State Council's Environmental Protection Department or individual municipal governments.

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

Expansion and Upgrade largely lifting project tariffs and capacities – cont'd

The Group is currently proceeding with reconstruction projects that aim to achieve a total design capacity of 750,000 tons, involving an amount of RMB932 million, including:

1. Wuhan Hanxi wastewater treatment BOT project in Hubei Province with a design capacity of 600,000 tons/day, upgrading 400,000 tons from Grade 2 to Grade 1B standard and expanding 200,000 tons
2. Upgrade of Weifang High-tech Zone Wastewater Treatment BOT Project in Shandong Province, with a design capacity of 50,000 tons/day, from Grade 1B to Grade 1A standard
3. Expansion and upgrade of Yinchuan Fifth Wastewater Treatment TOT+BOT Project in Ningxia Autonomous Region, with a design capacity of 100,000 tons/day, from Grade 1B to Grade 1A standard

In addition to current upgrading projects that are undergoing construction, the Group has approximately 1.5 million tons/day of urban wastewater treatment projects below Grade 1A standards, 500,000 tons/day out of which the Group has begun negotiations with the local governments involving funds of more than RMB1.2 billion.

Capturing New Markets with Sludge Treatment Projects in the Near Term

According to China's "Action Plan for Water Pollution Prevention"《水污染防治行动计划》released in April 2015, transformation of the existing sludge treatment and disposal facilities shall essentially be completed by end 2017. The harmless treatment and disposal ratio of sludge in prefecture and higher level cities should reach more than 90% by end 2020. In April 2016, China's Department of Housing and Urban-Rural Development and the Ministry of Environmental Protection (中国住房和城乡建设部与环境保护部) jointly issued a "Notice on the Strengthening of Emission Reduction Inspection and Verification of Urban Sewage Treatment Facilities' Sludge Treatment and Disposal"《关于加强城镇污水处理设施污泥处理处置减排核查核算工作的通知》, which will include sludge treatment and disposal results into the assessment of urban sewage treatment total emission reduction. This heralds major development opportunities in the sludge industry.

The Group is focused on capturing new markets with sludge treatment projects in the near term. For different sludge treatment technique routes, on average, the present construction costs and operating costs are respectively from RMB200,000 to RMB500,000 per ton and from RMB1million to RMB3.5million per ton. Currently, the Group has three sludge disposal projects, with the total design capacity of 935 tons/day:

1. BOT sludge treatment project with a design capacity of 435 tons/day at the Wuhan Hanxi Wastewater Treatment Plant (under construction and targeted to commence commercial operation at the end of 2016)
2. BOT sludge treatment project with a design capacity of 300 tons/day in Xinxiang City, Henan Province, China (already in operation)
3. BOT sludge treatment project with a design capacity of 200 tons/day in Nanyang City, Henan Province, China (awaiting construction)

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**	
Less utilisation:		
- 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.
- Payment for the additional capital injection into Dazhou Jiajing Environment Renewable Resource Co., Ltd.	(3.09)	Please refer to announcement made on 13 June 2016 via SGXNet.
- General working capital use:		Please refer to announcements made on 31 March 2016 and 13 June 2016 via SGXNet.
a. Repayment of loan obtained from SIHL Finance Limited and professional fees for the acquisition of Global Envirotech Investment Ltd.	(3.93)	
b. Repayment of bank borrowings	(1.41)	
c. Payment of operating expenses and tax expenses	(1.66)	
Balance of net proceeds raised from the 2014 Share Placement as at date of this result announcement	**0.22**	

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 2016, to be false or misleading, in any material aspect.

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

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

BY ORDER OF THE BOARD

Xu Zhan
Executive Director
12 August 2016