SIIC ENVIRONMENT HOLDINGS LTD.

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

Unaudited Financial Statements and Dividend Announcement for the First Quarter and Three Months ended 31 March 2017

25 April 2017

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

First Quarter of Financial Year 2017 Financial Statements And Dividend Announcement

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

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

UNAUDITED RESULTS FOR THE FIRST QUARTER ("1QFY2017") ENDED 31 MARCH 2017

		Group		
		3 Months Ended		Changes
	Note	31.3.17	31.3.16	
		RMB'000	RMB'000	%
Revenue	(A)	999,694	563,031	77.6
Cost of sales		(644,372)	(386,457)	66.7
Gross profit	(B)	**355,322**	**176,574**	**>100.0**
Other operating income	(C)	14,413	10,176	41.6
Selling and distribution costs	(D)	(16,533)	(6,359)	>100.0
Administrative expenses	(E)	(75,499)	(44,587)	69.3
Profit from operations		**277,703**	**135,804**	**>100.0**
Finance income	(F)	4,424	1,792	>100.0
Finance expenses	(F)	(128,502)	(46,058)	>100.0
Other income	(G)	47,792	17,300	>100.0
Share of results of joint ventures	(H)	11,750	17,995	(34.7)
Share of results of associates	(H)	(926)	5,347	N.M.
Profit before tax	(i)	**212,241**	**132,180**	**60.6**
Income tax expense	(ii)	(59,537)	(26,022)	>100.0
Profit for the period		**152,704**	**106,158**	**43.8**
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation, net of tax		34,005	55,092	(38.3)
Investment revaluation reserve		43,783	15,172	>100.0
Total comprehensive income for the period		**230,492**	**176,422**	**30.6**
Profit for the period attributable to:				
Owners of the Company		120,117	89,454	34.3
Non-controlling interests		32,587	16,704	95.1
		152,704	**106,158**	**43.8**
Total comprehensive income attributable to:				
Owners of the Company		197,905	159,718	23.9
Non-controlling interests		32,587	16,704	95.1
		230,492	**176,422**	**30.6**

N.M. – Not Meaningful

Notes:

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

	3 Months Ended	
	31.3.17	**31.3.16**
	RMB'000	**RMB'000**
Amortisation of intangible assets (Note I)	65,216	32,924
Amortisation of land use rights	67	55
Depreciation of property, plant and equipment	5,350	3,001
(Gain)/Loss on disposal of property, plant and equipment	(46)	261
Foreign exchange (gain)/ loss, net	(5,113)	2,105
Allowance for (Reversal of) doubtful receivables (trade)	1,933	(1,769)
Reversal allowance for doubtful receivables, net (non-trade)	-	(5,056)
Fair value gain from held-for-trading investments	(953)	(1,780)

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

	12 Months Ended	
	31.3.17	**31.3.16**
	RMB'000	**RMB'000**
Under/(over) provision of tax in respect of prior periods	2,276	(270)

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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 31.3.17	As At 31.12.16	As At 31.3.17	As At 31.12.16
		RMB'000	RMB'000	RMB'000	RMB'000
Current assets					
Cash and cash equivalents		1,519,640	1,634,556	131,465	8,726
Pledged bank deposits		81,405	191,918	-	-
Trade and other receivables		1,860,043	1,628,685	728	710
Bills receivables		3,180	3,313	-	-
Prepayments		33,919	34,387	234	358
Inventories		75,755	73,371	-	-
Receivables under service concession arrangements		218,274	203,993	-	-
Amounts due from customers for contract work		86,813	57,581	-	-
Amounts due from subsidiaries		-	-	2,140,848	2,114,688
Amounts due from joint venture		462	137	462	137
Amounts due from associate		36,396	37,894	-	-
Held-for-trading investments		28,373	26,795	-	-
Total current assets	(J)	**3,944,260**	**3,892,630**	**2,273,737**	**2,124,619**
Non-current assets					
Available-for-sale financial instruments		253,201	206,288	13,533	13,189
Prepayments		100,273	68,072	-	-
Receivables under service concession arrangements		11,444,445	10,948,086	-	-
Property, plant and equipment		180,733	183,580	1,631	1,697
Intangible assets		6,430,987	6,439,239	-	-
Land use rights		6,384	6,451	-	-
Retention monies		11,765	11,547	-	-
Deferred tax assets		37,776	22,376	-	-
Investment in subsidiaries		-	-	2,632,430	2,565,418
Interest in joint ventures		732,542	705,256	544,936	531,064
Interest in associates		81,730	82,976	-	-
Goodwill on consolidation		457,241	457,241	-	-
Amounts due from associate		14,543	14,543	-	-
Total non-current assets	(K)	**19,751,620**	**19,145,655**	**3,192,530**	**3,111,368**
Total assets		**23,695,880**	**23,038,285**	**5,466,267**	**5,235,987**
Current liabilities					
Trade and other payables		2,040,329	2,122,531	27,980	23,080
Bills payable to banks		19,099	18,342	-	-
Tax payable		55,755	55,444	-	-
Amounts due to customers for contract work		21,736	21,386	-	-
Amounts due to subsidiaries		-	-	128,354	137,132
Bank and other borrowings		3,934,710	3,838,382	246,427	119,026
Finance lease		76,858	96,988	-	-
Total current liabilities	(L)	**6,148,487**	**6,153,073**	**402,761**	**279,238**
Non-current liabilities					
Bank and other borrowings		6,725,848	6,275,862	-	-
Finance lease		272,934	331,433	-	-
Deferred tax liabilities		1,641,015	1,602,513	-	-
Other non-current liabilities		138,027	142,227	-	-
Total non-current liabilities	(M)	**8,777,824**	**8,352,035**	**-**	**-**
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		1,319,243	1,199,172	43,600	65,815
Other reserves		(9,647)	(87,481)	158,864	29,892
Equity attributable to owners of the Company		**6,170,638**	**5,972,733**	**5,063,506**	**4,956,749**
Non-controlling interests		2,598,931	2,560,444	-	-
Total equity		**8,769,569**	**8,533,177**	**5,063,506**	**4,956,749**
Total liabilities and equity		**23,695,880**	**23,038,285**	**5,466,267**	**5,235,987**

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

Amount repayable in one year or less, or on demand

As at 31.3.17 RMB'000		**As at 31.12.16 RMB'000**	
Secured/ Guaranteed	Unsecured/ Unguaranteed	Secured/ Guaranteed	Unsecured/ Unguaranteed
3,135,007	895,660	3,276,915	676,797

Amount repayable after one year

As at 31.3.17 RMB'000		**As at 31.12.16 RMB'000**	
Secured/ Guaranteed	Unsecured/ Unguaranteed	Secured/ Guaranteed	Unsecured/ Unguaranteed
5,757,213	1,241,569	5,357,877	1,249,418

Details of any collateral

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

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 leases are secured by pledges on certain service concession agreements, investment in a subsidiary and intangible assets.

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

	Group	
	For 3 Months Ended	
	31.3.17	31.3.16
	RMB'000	RMB'000
Cash flows from operating activities		
Profit before tax	**212,241**	**132,180**
Adjustments for:		
Allowance for reversal of doubtful receivables, net (trade)	1,933	(1,769)
(Reversal) for doubtful receivables, net (non-trade)	-	(5,056)
Depreciation of property, plant and equipment	5,350	3,001
Amortisation of intangible assets	65,216	32,924
Amortisation of land use rights	67	55
(Gain)/Loss on disposal of property, plant and equipment	(46)	261
Finance income	(4,424)	(1,792)
Finance expenses	128,502	46,058
Share of results of associates	926	(5,347)
Share of results of joint ventures	(11,750)	(17,995)
Foreign exchange (gain)/loss	(1,020)	5,699
Dividend income	(3,064)	-
Fair value gain from held for trading investments	(953)	(1,780)
Operating cash flow before working capital changes	**392,978**	**186,439**
(Increase)/decrease in:		
Inventories	(2,248)	(1,270)
Amounts due from/to customers for contract work, net	(29,019)	(27,560)
Trade receivables, other receivables and prepayments	(345,352)	161,128
Bills receivables	133	(931)
Receivables under service concession arrangements	(288,213)	(124,700)
Amounts due from joint venture	305	819
Amounts due from associates	(17,528)	497
Increase/(decrease) in:		
Trade payables and other payables(inclusive of non-current liabilities)	(114,132)	(82,134)
Bills payable to banks	757	690
Cash (used in)/from operating activities	**(402,319)**	**112,978**
Interest received	3,460	1,259
Income tax paid	(37,771)	(18,298)
Net cash (used in)/from operating activities (Note A)	**(436,630)**	**95,939**
Cash flows from investing activities:		
Purchase of property, plant and equipment	(2,737)	(4,563)
Purchase of intangible assets, net of amount on credit terms	(55,345)	(19,814)
Increase in prepayment for property, plant and equipment and intangible assets	(5,530)	(1,694)
Proceeds from disposal of property, plant and equipment	77	155
Net cash (outflow)/inflow on acquisition of subsidiaries (Note B)	(110,870)	28,190
Net cash outflow on acquisition of an associate	-	(150)
Dividend received	3,224	120
Net cash (used in)/from investing activities	**(171,181)**	**2,244**

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

	Group	
	For 3 Months Ended	
	31.3.17	31.3.16
	RMB'000	RMB'000
Cash flows from financing activities:		
Proceeds from bank and other borrowings	966,775	52,000
Repayment of bank and other borrowings	(400,218)	(35,521)
Repayment under finance leaseback arrangement	(88,331)	(8,333)
Interest paid	(92,169)	(23,268)
Contribution from non-controlling interests upon additional capital injection of a subsidiary	10,700	-
Dividend paid to non-controlling interest in subsidiaries	(7,300)	(4,600)
Decrease/(Increase) in deposits pledged to banks	110,514	(5,152)
Net cash from/(used in) financing activities	**499,971**	**(24,874)**
Net (decrease)/increase in cash and cash equivalents	(107,840)	73,309
Cash and cash equivalents at beginning of period	1,634,556	795,228
Effects of exchange rate changes on the balance of cash held in foreign currencies	(7,076)	(2,176)
Cash and cash equivalents at end of period	**1,519,640**	**866,361**

Cash and cash equivalents at end of period		
Cash and bank balances	1,601,045	948,281
Less: Pledged bank deposits	(81,405)	(81,920)
Cash and cash equivalents	**1,519,640**	**866,361**

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 1QFY2017 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 RMB425.2 million (1QFY2016: RMB87.3 million); and (ii) cash inflow in relation to refundable deposit for bidding of service concession projects of Nil (1QFY2016: RMB100.0 million). Excluding these additions of receivables under service concession arrangements and refundable deposits, the net cash used in operating activities for 1QFY2017 would be RMB11.1 million (1QFY2016: net cash generated from operating activities of RMB83.2 million).

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

Note B

(i) Acquisition of Citic Envirotech Water Resource (Hegang) Co., Ltd. ("CEW Hegang")

In January 2017, the Group through its 57.97% owned subsidiary, Longjiang Environmental Protection Group Co., Ltd. ("Longjiang Group), completed the acquisition of 100% equity interest in CEW Hegang for a total purchase consideration of RMB111,870,000. CEW Hegang is principally involved in the operation of two waste water treatment plants and one reclaimed water project with total design capacity of 110,000 tons/day, and is based in Hegang City, Heilongjiang Province, PRC.

The purchase price allocation ("PPA") exercise in respect of the above acquisition has not been completed as at 31 March 2017. 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 1QFY2017, 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:-

	CEW Hegang RMB'000
Provisional fair value of assets acquired and liabilities recognised at the date of acquisition*	
Current assets	64,023
Non-current assets	176,859
Current liabilities	(127,295)
Non-current liabilities	(1,717)
Total identifiable net assets at fair value	111,870
Non-controlling interest measures at fair value	-
	111,870
Consideration transferred	
Cash paid	111,870
Less: Net assets acquired	(111,870)
Goodwill	**-**
Net cash inflow arising from acquisitions	
Cash consideration paid	111,870
Less: Cash and cash equivalents acquired	(1,000)
Net cash inflow on acquisitions	**110,870**

* 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 1.1.17	**4,861,138**	**(96)**	**1,199,172**	**(87,481)**	**205,538**	**73,191**	**(145,641)**	**(20,254)**	**(200,315)**	**5,972,733**	**2,560,444**	**8,533,177**
Profit for the period	**-**	**-**	120,117	**-**	**-**	-	-	**-**	**-**	**120,117**	32,587	**152,704**
Other comprehensive income												
Exchange differences arising on translation, net of tax	**-**	**-**	-	**34,005**	**-**	**-**	34,005	**-**	**-**	**34,005**	**-**	**34,005**
Fair value change on available-for-sale financial instrument	**-**	**-**	-	**43,783**	**-**	43,783	-	**-**	**-**	**43,783**	**-**	**43,783**
Other comprehensive income for the period, net of tax	**-**	**-**	**-**	**77,788**	**-**	**43,783**	**34,005**	**-**	**-**	**77,788**	**-**	**77,788**
Total comprehensive income for the period	**-**	**-**	**120,117**	**77,788**	**-**	**43,783**	**34,005**	**-**	**-**	**197,905**	**32,587**	**230,492**
Transactions with owners recognised directly in equity												
Transfer to general reserve	-	-	(46)	**46**	46	-	-	-	-	**-**	-	**-**
Non-controlling interest upon proportional capital injection in a subsidiary	-	-	-	**-**	-	-	-	-	-	**-**	10,700	**10,700**
Total	**-**	**-**	**(46)**	**46**	**46**	**-**	**-**	**-**	**-**	**-**	**10,700**	**10,700**
Others												
Dividend declared to non-controlling interests	-	-	-	**-**	-	-	-	-	-	**-**	(4,800)	**(4,800)**
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4,800)**	**(4,800)**
Balance at 31.3.17	**4,861,138**	**(96)**	**1,319,243**	**(9,647)**	**205,584**	**116,974**	**(111,636)**	**(20,254)**	**(200,315)**	**6,170,638**	**2,598,931**	**8,769,569**

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 1.1.16	**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**

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 1.1.17	**4,861,138**	**(96)**	**65,815**	**29,892**	**4,956,749**
Loss for the period	-	-	(22,215)	-	**(22,215)**
Other comprehensive income					
Exchange differences arising on translation, net of tax	-	-	-	128,972	**128,972**
Other comprehensive income for the period, net of tax	**-**	**-**	**-**	**128,972**	**128,972**
Total comprehensive (loss)/ income for the period	**-**	**-**	**(22,215)**	**128,972**	**106,757**
Balance at 31.3.17	**4,861,138**	**(96)**	**43,600**	**158,864**	**5,063,506**
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**

* 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 2017 and 31 March 2017	2,256,645,126	4,861,138

As at 31 March 2017, the number of ordinary shares in issue was 2,256,645,126 of which 56,400 shares were held by the Company as treasury shares (31 March 2016: 2,256,645,126 ordinary shares of which 56,400 shares were held as treasury shares).

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

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

As at 31 March 2017, there were no convertible securities outstanding (31 March 2016: Nil).

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

As at 31 March 2017, there were 56,400 treasury shares held (31 December 2016: 56,400). Total number of issued shares excluding treasury shares, as at 31 March 2017 was 2,256,588,726 (31 December 2016: 2,256,588,726).

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares for the financial period ended 31 March 2017.

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 2016.

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

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

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

	3 Months Ended	
	31.3.17	**31.3.16**
	RMB cents	**RMB cents**
Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:-		
(i) Based on weighted average number of ordinary shares in issue (RMB cents)	5.32	3.96
- Weighted average number of shares ('000)	2,256,589	2,256,589
(ii) On a fully diluted basis of ordinary shares (RMB cents)	5.32	3.96
- Weighted average number of shares ('000)	2,256,589	2,256,589

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	Group	Company
	RMB cents	RMB cents
As at 31 March 2017	273.45	224.39
As at 31 December 2016	264.68	219.66

Net asset value per share is calculated based on the number of shares in issue (excluding treasury shares) of 2,256,588,726 as at 31 March 2017 (31 December 2016: 2,256,588,726).

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 RMB563.0 million in 1QFY2016 to RMB999.7 million in 1QFY2017, representing an increase of 77.6%. Gross profit ("**GP**") increased from RMB176.6 million in 1QFY2016 to RMB355.3 million in 1QFY2017. Profit from operations improved by 104.5% from RMB135.8 million in 1QFY2016 to RMB277.7 million in 1QFY2017.

Consequently, the Group's profit after tax (attributable to owners of the Company) increased from RMB89.5 million in 1QFY2016 to RMB120.1 million in 1QFY2017, representing an increase of 34.3%.

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

	1QFY2017	1QFY2016	Change
	RMB '000	RMB '000	%
Construction	423,181	247,972	70.7
Operating and maintenance income from service concession arrangements	338,641	195,504	73.2
Financial income from service concession arrangements	178,238	75,563	>100.0
Service income	27,353	28,399	(3.68)
Others	32,281	15,593	>100.0
Total	**999,694**	**563,031**	**77.6**

Overall, the Group's revenue increased by RMB436.7 million or 77.6%, from RMB563.0 million in 1QFY2016 to RMB999.7 million in 1QFY2017. Except for "Service income", revenue across all categories increased in 1QFY2017 as compared to 1QFY2016.

Construction Revenue

Construction revenue amounted to RMB423.2 million in 1QFY2017 (1QFY2016: RMB248.0 million). The higher revenue was mainly due to relatively higher amount of construction activities in progress in 1QFY2017 as compared to 1QFY2016.

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 RMB516.9 million in 1QFY2017 (1QFY2016: RMB271.1million). 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 from non-service concession arrangements amounted to RMB27.4 million in 1QFY2017 (1QFY2016: RMB28.4 million).

Other Revenue

Other revenue amounted to RMB32.3 million 1QFY2017 (1QFY2016: RMB15.6 million). The higher revenue was due mainly to higher volume of installation works carried out, which are ad-hoc in nature.

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

The Group's GP increased by RMB178.7 million or 101.2% from RMB176.6 million in 1QFY2016 to RMB355.3 million in 1QFY2017. The increase was mainly due to contribution from newly acquired entities.

GPM increased by 4.1 percentages from 31.4% in 1QFY2016 to 35.5% in 1QFY2017. The increase was due mainly to the higher margin contributed from the newly acquired entities.

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

(C) Other Operating Income

Other operating income increased from RMB10.2 million in 1QFY2016 to RMB14.4 million in 1QFY2017. The increase was due mainly to foreign exchange gain (mainly resulting from movement of RMB against SGD) recognised for 1QFY2017 while foreign exchange loss recorded in 1QFY2016.

(D) Selling and Distribution costs

Selling and distribution costs increased from RMB6.4 million in 1QFY2016 to RMB16.5 million in 1QFY2017. The increase in selling and distribution costs was due mainly to newly acquired entities.

(E) Administrative Expenses

Administrative expenses increased from RMB44.6 million in 1QFY2016 to RMB75.5 million in 1QFY2017. The increase in administrative expenses was due mainly to expansion of business and newly acquired entities.

(F) Finance Income /Finance Expenses

Finance income and finance expenses amounted to RMB4.4 million and RMB128.5 million in 1QFY2017 (1QFY2016: RMB1.8 million and RMB46.1 million) respectively. The increase in finance income and finance expenses was due mainly to newly acquired entities.

(G) Other Income

Other income mainly consists of government subsidies which increased from RMB17.3 million in 1QFY2016 to RMB47.8 million in 1QFY2017. The increase was due mainly to newly acquired entities.

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

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

The decrease in share of results of associates in 1QFY2017 as compared to 1QFY2016 was due mainly to the additional acquisition of 32.6562% equity interest in Longjiang Group, which has become a subsidiary of the Group in November 2016.

The decrease in share of results of joint ventures in 1QFY2017 as compared to 1QFY2016 was due mainly to the recognition of a one-off government subsidy by a joint venture in 1QFY2016.

(I) Amortisation of Intangible Assets

Amortisation of intangible assets increased from RMB32.9 million in 1QFY2016 to RMB65.2 million in 1QFY2017. The increase was due to newly acquired entities.

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

STATEMENTS OF FINANCIAL POSITION

(J) Current Assets

Current assets as at 31 March 2017 amounted to RMB3.94 billion (31 December 2016: RMB3.89 billion). There was no material variance for the Group's current assets as at 31 March 2017 as compared to 31 December 2016.

(K) Non-current Assets

Non-current assets as at 31 March 2017 amounted to RMB19.75 billion (31 December 2016: RMB19.15 billion). The increase was due mainly to (i) consolidation of a newly acquired subsidiary and (ii) construction of certain wastewater treatment projects during 1QFY2017.

(L) Current Liabilities

Current liabilities as at 31 March 2017 amounted to RMB6.15 billion (31 December 2016: RMB6.15 billion). There was no material variance for the Group's current liabilities as at 31 March 2017 as compared to 31 December 2016.

(M) Non-current Liabilities

Non-current liabilities as at 31 March 2017 amounted to RMB8.78 billion (31 December 2016: RMB8.35 billion). The increase was due mainly to new borrowings taken up which are due for repayment after one year.

STATEMENT OF CASH FLOWS

As at 31 March 2017, the Group's cash and cash equivalents stood at RMB1,519.6 million (31 December 2016: RMB1,634.6 million). In 1QFY2017, net cash of RMB436.3 million was used in the Group's operating activities (1QFY2016: net cash generated from operating activities of RMB95.9 million). The movement in working capital changes for 1QFY2017 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 RMB425.2 million (1QFY2016: RMB87.3 million); and (ii) cash inflow in relation to refundable deposit for bidding of service concession projects of nil (1QFY2016: RMB100.0 million). Excluding these additions of receivables under service concession arrangements and refundable deposits, the net cash used in operating activities for 1QFY2017 would be RMB11.1 million (1QFY2016: net cash generated from operating activities of RMB83.2 million).

Net cash used in the Group's investing activities of RMB171.5 million in 1QFY2017 was due mainly to net cash outflow from acquisition of an entity and purchase of property, plant and equipments and intangibles assets.

Net cash generated from financing activities of RMB500.0 million in 1QFY2017 was due mainly to net proceeds from bank borrowings and decrease in deposits pledged to banks, which is partially offset by the repayment of finance leaseback arrangement, interest paid and 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.

Strong organic growth and acquisition-driven expansion continue to spearhead SIIC Environment's trajectory towards achieving industry leader status.

The Chinese government's commitment to environmental conservation and pollution reduction, through the introduction of new policies, bode well for the Group's overall operations and performance:

- In December 2016, PRC's National Development and Reform Commission and Department of Housing and Urban-Rural Development issued a 13th Five-Year plan outlining that China would invest about RMB560 billion in the wastewater treatment facilities and pipelines construction between 2016 and 2020.

- In December 2016, PRC's National People's Congress Standing Committee also approved China's first Environmental Protection Tax Law, which will replace the existing pollutant discharge fee system with a pollution tax as the main economic tool regulating environmental pollution by businesses.

At a time when the Group is expanding, it is important it continues to explore various low-cost financing options. Chinese Government is encouraging economic and equity market activities that are supportive of environment improvement and more efficient resource utilization. For instance, green financing is quickly becoming an imperative for the Chinese government, with the People's Bank of China defining green finance as financial services provided for economic activities that are supportive of environment improvement, climate change mitigation and more efficient resource utilization, presenting further financing opportunities for the Group's environmental-related business.

The steady growth of the PRC economy is a fundamental driver of the development of the water sector, resulting in an increase in demand for tap water supply and wastewater treatment services. Looking ahead, the PRC's government's continued support and investment in the utilities industries in China as well as its focus on the 'Belt and Road' initiative points to a more interconnected world and more infrastructure opportunities, which align nicely with the Group's growth strategy.

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: a. Repayment of loan obtained from SIHL Finance Limited and professional fees for the acquisition of Global Envirotech Investment Ltd. b. Repayment of bank borrowings c. Payment of operating expenses and tax expenses	 (3.93) (1.41) (1.66)	Please refer to announcements made on 31 March 2016 and 13 June 2016 via SGXNet.
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 31 March 2017, 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
25 April 2017