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SIIC ENVIRONMENT HOLDINGS LTD.

上海實業環境控股有限公司*

(Incorporated in the Republic of Singapore with limited liability)

(Hong Kong stock code: 807)

(Singapore stock code: BHK)

Unaudited Financial Statements and Dividend Announcement for the First Quarter and Three Months ended 31 March 2018

This overseas regulatory announcement is issued pursuant to Part XIVA of the Securities and Futures Ordinance and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

This results announcement is made in accordance to Listing Manual of the Singapore Exchange Securities Trading Limited. This results announcement contains financial information based on Singapore Financial Reporting Standards and have not been reviewed by auditors. Shareholders and public investors should be cautious trading in the shares of the Company.

By Order of the Board
SIIC Environment Holdings Ltd.
Mr. Zhou Jun
Non-executive Chairman

Hong Kong, 14 May 2018

As at the date of this announcement, the non-executive Chairman is Mr. Zhou Jun; the executive Directors are Mr. Feng Jun, Mr. Yang Changmin, Mr. Li Zengfu, Mr. Xu Xiaobing and Mr. Xu Zhan; and the independent non-executive Directors are Mr. Yeo Guat Kwang, Mr. An Hongjun and Mr. Zhong Ming.

** For identification purpose only*

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 2018

14 May 2018

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

First Quarter of Financial Year 2018 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 ("1QFY2018") ENDED 31 MARCH 2018

		Group		
		3 Months Ended		Changes
	Note	31.3.18	31.3.17	
		RMB'000	RMB'000	%
Revenue	(A)	1,177,321	999,694	17.8
Cost of sales		(804,740)	(644,372)	24.9
Gross profit	(B)	**372,581**	**355,322**	4.9
Other income	(C)	68,206	60,563	12.6
Other gains and losses	(D)	(1,018)	6,066	N.M.
Selling and distribution costs	(E)	(18,782)	(16,533)	13.6
Administrative expenses	(F)	(109,969)	(75,499)	45.7
Finance expenses	(G)	(129,941)	(128,502)	1.1
Share of results of joint ventures	(H)	14,680	11,750	24.9
Share of results of associates	(H)	(684)	(926)	(26.1)
Profit before tax	(i)	**195,073**	**212,241**	(8.1)
Income tax expense	(ii)	(48,328)	(59,537)	(18.8)
Profit for the period		**146,745**	**152,704**	(3.9)
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Exchange difference arising from translation		55,434	34,005	63.0
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising from translation of foreign operations		(10,337)	-	N.M.
Fair value change on available-for-sale financial instruments		-	43,783	(100.0)
Total comprehensive income for the period		**191,842**	**230,492**	**(16.8)**
Profit for the period attributable to:				
Owners of the Company		101,865	120,117	(15.2)
Non-controlling interests		44,880	32,587	37.7
		146,745	**152,704**	**(3.9)**
Total comprehensive income attributable to:				
Owners of the Company		146,962	197,905	(25.7)
Non-controlling interests		44,880	32,587	37.7
		191,842	**230,492**	**(16.8)**

N.M. – Not Meaningful

Notes:

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

	3 Months Ended	
	31.3.18	**31.3.17**
	RMB'000	**RMB'000**
Amortisation of intangible assets (Note I)	67,389	65,216
Amortisation of land use rights	70	67
Depreciation of property, plant and equipment	6,438	5,350
Loss/(Gain) on disposal of property, plant and equipment	214	(46)
Foreign exchange loss/(gain), net	900	(5,113)
Allowance for doubtful receivables (trade)	365	1,933

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

	3 Months Ended	
	31.3.18	**31.3.17**
	RMB'000	**RMB'000**
(Over)/under provision of tax in respect of prior periods	(1,041)	2,276

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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 31.3.18	As At 31.12.17	As At 31.3.18	As At 31.12.17
		RMB'000	RMB'000	RMB'000	RMB'000
Current assets					
Cash and cash equivalents		1,223,299	1,402,104	184,939	243,860
Pledged bank deposits		93,631	130,637	-	-
Trade and other receivables		2,110,799	1,832,883	634	642
Bills receivables		3,992	7,760	-	-
Prepayments		50,297	38,729	3,403	1,573
Inventories		104,117	96,066	-	-
Receivables under service concession arrangements		271,851	260,888	-	-
Amounts due from customers for contract work		48,337	37,796	-	-
Amounts due from subsidiaries		-	-	115,751	120,753
Amounts due from joint venture		462	137	462	137
Amounts due from associate		47,587	40,766	-	-
Financial assets		26,454	34,750	-	-
Total current assets	(J)	**3,980,826**	**3,882,516**	**305,189**	**366,965**
Non-current assets					
Financial assets		26,643	26,803	13,163	13,323
Prepayments		280,504	390,364	-	-
Receivables under service concession arrangements		13,657,937	12,991,865	-	-
Property, plant and equipment		290,052	206,032	1,186	1,298
Intangible assets		6,592,235	6,466,660	-	-
Land use rights		6,389	6,459	-	-
Long term receivables		372,306	361,423	-	-
Deferred tax assets		63,698	48,009	-	-
Investment in subsidiaries		-	-	5,313,623	5,378,078
Interest in joint ventures		721,002	713,523	530,045	536,475
Interest in associates		82,774	83,858	-	-
Goodwill on consolidation		457,241	457,241	-	-
Amounts due from associate		14,543	14,543	-	-
Total non-current assets	(K)	**22,565,324**	**21,766,780**	**5,858,017**	**5,929,174**
Total assets		**26,546,150**	**25,649,296**	**6,163,206**	**6,296,139**
Current liabilities					
Trade and other payables		2,485,986	2,376,262	55,519	34,069
Bills payable to banks		43,781	49,235	-	-
Tax payable		73,656	69,662	-	-
Amounts due to customers for contract work		12,436	16,720	-	-
Amounts due to subsidiaries		-	-	32,484	67,494
Bank and other borrowings		3,693,281	3,660,906	239,693	242,601
Finance lease		192,878	71,746	-	-
Total current liabilities	(L)	**6,502,018**	**6,244,531**	**327,696**	**344,164**
Non-current liabilities					
Bank and other borrowings		7,261,581	6,950,833	-	-
Finance lease		332,912	359,700	-	-
Deferred tax liabilities		1,819,290	1,739,910	-	-
Other non-current liabilities		119,996	110,731	-	-
Total non-current liabilities	(M)	**9,533,779**	**9,161,174**	**-**	**-**
Capital, reserves and non-controlling interest					
Share capital		5,951,793	5,951,889	5,951,793	5,951,889
Treasury shares		-	(96)	-	(96)
Retained earnings		1,689,379	1,591,879	(107,396)	(62,101)
Other reserves		18,687	(30,775)	(8,887)	62,283
Equity attributable to owners of the Company		**7,659,859**	**7,512,897**	**5,835,510**	**5,951,975**
Non-controlling interests		2,850,494	2,730,694	-	-
Total equity		**10,510,353**	**10,243,591**	**5,835,510**	**5,951,975**
Total liabilities and equity		**26,546,150**	**25,649,296**	**6,163,206**	**6,296,139**

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 31.3.18 RMB'000		**As at 31.12.17 RMB'000**	
Secured/ Guaranteed	Unsecured/ Unguaranteed	Secured/ Guaranteed	Unsecured/ Unguaranteed
2,431,650	1,498,290	2,366,439	1,415,448

Amount repayable after one year

As at 31.3.18 RMB'000		**As at 31.12.17 RMB'000**	
Secured/ Guaranteed	Unsecured/ Unguaranteed	Secured/ Guaranteed	Unsecured/ Unguaranteed
6,552,468	1,042,025	6,294,910	1,015,623

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	
	31.3.18	31.3.17
	RMB'000	RMB'000
Cash flows from operating activities		
Profit before tax	**195,073**	**212,241**
Adjustments for:		
Allowance for doubtful receivables (trade)	365	1,933
Depreciation of property, plant and equipment	6,438	5,350
Amortisation of intangible assets	67,389	65,216
Amortisation of land use rights	70	67
Loss/(Gain) on disposal of property, plant and equipment	214	(46)
Finance income	(2,980)	(4,424)
Finance expenses	129,941	128,502
Share of results of associates	684	926
Share of results of joint ventures	(14,680)	(11,750)
Foreign exchange loss/(gain)	2,697	(1,020)
Dividend income	-	(3,064)
Fair value loss/(gain) from financial assets	118	(953)
Operating cash flow before working capital changes	**385,329**	**392,978**
(Increase)/decrease in:		
Inventories	(6,338)	(2,248)
Amounts due from/to customers for contract work, net	(15,097)	(29,019)
Trade receivables, other receivables and prepayments	(339,810)	(345,352)
Bills receivables	3,768	133
Amounts due from joint venture	306	305
Amounts due from associates	1,417	(17,528)
Increase/(decrease) in:		
Trade payables and other payables(inclusive of non-current liabilities)	39,045	(114,132)
Bills payable to banks	(14,356)	757
Cash from/(used in) operating activities before service concession arrangement projects	**54,264**	**(114,106)**
Change in receivables under service concession arrangements (Note A)	(356,212)	(288,213)
Cash used in operating activities after service concession arrangement projects	**(301,948)**	**(402,319)**
Interest received	466	3,460
Income tax paid	(26,178)	(37,771)
Net cash used in operating activities	**(327,660)**	**(436,630)**
Cash flows from investing activities:		
Purchase of property, plant and equipment	(11,785)	(2,737)
Purchase of intangible assets, net of amount on credit terms	(50,117)	(55,345)
Increase in prepayment for property, plant and equipment and intangible assets	(4,547)	(5,530)
Proceeds from disposal of property, plant and equipment	-	77
Net cash outflow on acquisition of subsidiaries (Note B)	(152,359)	(110,870)
Dividend received	-	3,224
Net cash used in investing activities	**(218,808)**	**(171,181)**

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	
	31.3.18	31.3.17
	RMB'000	RMB'000
Cash flows from financing activities:		
Proceeds from bank and other borrowings	859,850	966,775
Repayment of bank and other borrowings	(509,833)	(400,218)
Proceeds from finance leaseback arrangement	131,420	-
Repayment under finance leaseback arrangement	(37,076)	(88,331)
Interest paid	(115,886)	(92,169)
Contribution from non-controlling interests upon additional capital injection of a subsidiary	15,260	10,700
Dividend paid to non-controlling interest in subsidiaries	(16,320)	(7,300)
Decrease in deposits pledged to banks	37,006	110,514
Net cash from financing activities	**364,421**	**499,971**
Net decrease in cash and cash equivalents	(182,047)	(107,840)
Cash and cash equivalents at beginning of period	1,402,104	1,634,556
Effects of exchange rate changes on the balance of cash held in foreign currencies	3,242	(7,076)
Cash and cash equivalents at end of period	**1,223,299**	**1,519,640**

Cash and cash equivalents at end of period		
Cash and bank balances	1,316,930	1,601,045
Less: Pledged bank deposits	(93,631)	(81,405)
Cash and cash equivalents	**1,223,299**	**1,519,640**

Note A

In accordance with the application of SFRS(I) INT 12 *Service Concession Arrangements* and SFRS(I) 1-7 *Statement of Cash Flows*, the movement in the receivables under service concession arrangements has been classified under operating activities. The movement in the receivables under service concession arrangements was mainly arising from the construction and/or purchase of new or existing water treatment facilities for 1QFY2018.

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 Dalian Ziguang Water Treatment Co., Ltd ("Dalian Ziguang") and Dalian Ziguang Lingshui Waste Water Treatment Co., Ltd. ("Ziguang Lingshui")

In February 2018, the Group through its 75.5% owned subsidiary, SIIC Environment Holdings (Weifang) Co., Ltd ("SIIC Weifang"), completed the acquisition of 100% equity interest in Dalian Ziguang for a total cash consideration of RMB108,480,000.

In February 2018, the Group through SIIC Weifang and its 100% owned subsidiary, Hong Kong Jinhaide Holdings Limited, completed the acquisition of 100% equity interest in Ziguang Lingshui for a total cash consideration of RMB97,000,000.

Dalian Ziguang and Ziguang Lingshui are principally involved in the operation of two waste water treatment plants with total design capacity of 170,000 tons/day, and are based in Dalian City, Liaoning Province, PRC.

(ii) Weifang City Fangzi District SIIC Environment Water Co., Ltd. ("Fangzi Water")

In February 2018, the Group through its 51.3% owned subsidiary, Weifang City Tap Water Co., Ltd. ("Weifang Tap Water"), completed the acquisition of 51% equity interest in Fangzi Water for a total subscription consideration of RMB79,080,000. Fangzi Water is involved in the operation of one water supply project with total design capacity of 40,000 tons/day, and is based in Weifang City, Shandong Province, PRC.

The purchase price allocation ("PPA") exercise in respect of the above acquisitions has not been completed as at 31 March 2018. The Group has 12 months from date of acquisition to finalise the fair value measurement and accounting as allowed under SFRS(I) 3 Business Combinations. For 1QFY2018, the Group has determined that the purchase consideration for the above acquisitions approximates the provisional fair value of the net identifiable asset acquired. Accordingly, no provisional goodwill or negative goodwill arising from this acquisition was recognised.

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 (cont'd)

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

	Dalian Ziguang RMB'000	Ziguang Lingshui RMB'000	Fangzi Water RMB'000	Total RMB'000
Provisional fair value of assets acquired and liabilities recognised at the respective date of acquisition*				
Current assets	31,432	13,405	15,858	60,695
Non-current assets	167,875	193,585	83,593	445,053
Current liabilities	(49,028)	(52,969)	(23,471)	(125,468)
Non-current liabilities	(41,799)	(57,021)	-	(98,820)
Total identifiable net assets at fair value	108,480	97,000	75,980	281,460
Non-controlling interest measures at fair value	-	-	(75,980)	(75,980)
	108,480	**97,000**	**-**	**205,480**
Consideration transferred				
Cash paid	69,100	86,440	-	155,540
Cash prepaid in previous financial year	39,380	10,560	-	49,940
Less: Net assets acquired	(108,480)	(97,000)	-	(205,480)
Goodwill	**-**	**-**	**-**	**-**
Net cash inflow arising from acquisitions				
Cash consideration paid	69,100	86,440	-	155,540
Less: Cash and cash equivalents acquired	(932)	(1,157)	(1,092)	(3,181)
Net cash inflow on acquisitions	**68,168**	**85,283**	**(1,092)**	**152,359**

* 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 1.1.18	**5,951,889**	**(96)**	**1,591,879**	**(30,775)**	**237,494**	**-**	**(47,700)**	**(20,254)**	**(200,315)**	**7,512,897**	**2,730,694**	**10,243,591**
Profit for the period	**-**	**-**	101,865	**-**	**-**	-	-	**-**	**-**	**101,865**	44,880	**146,745**
Other comprehensive income												
Exchange differences arising on translation	**-**	**-**	-	**55,434**	**-**	**-**	55,434	**-**	**-**	**55,434**	**-**	**55,434**
Exchange differences arising on translation of foreign operations	**-**	**-**	-	**(10,337)**	**-**	**-**	(10,337)	-	**-**	**(10,337)**	**-**	**(10,337)**
Other comprehensive income for the period, net of tax	**-**	**-**	**-**	**45,097**	**-**	**-**	**45,097**	**-**	**-**	**45,097**	**-**	**45,097**
Total comprehensive income for the period	**-**	**-**	**101,865**	**45,097**	**-**	**-**	**45,097**	**-**	**-**	**146,962**	**44,880**	**191,842**
Transactions with owners recognised directly in equity												
Transfer to general reserve	-	-	(4,365)	**4,365**	4,365	-	-	-	-	**-**	-	**-**
Acquisition of subsidiaries	-	-	-	**-**	-	-	-	-	-	**-**	75,980	**75,980**
Non-controlling interest upon proportional capital injection in a subsidiary	-	-	-	**-**	-	-	-	-	-	**-**	15,260	**15,260**
Cancellation of treasury shares	(96)	96	-	**-**	-	-	-	-	-	**-**	-	**-**
Total	**(96)**	**96**	**(4,365)**	**4,365**	**4,365**	**-**	**-**	**-**	**-**	**-**	**91,240**	**91,240**
Others												
Dividend declared to non-controlling interests	-	-	-	**-**	-	-	-	-	-	**-**	(16,320)	**(16,320)**
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(16,320)**	**(16,320)**
Balance at 31.3.18	**5,951,793**	**-**	**1,689,379**	**18,687**	**241,859**	**-**	**(2,603)**	**(20,254)**	**(200,315)**	**7,659,859**	**2,850,494**	**10,510,353**

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 1.1.17	**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	**-**	**-**	-	**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

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 1.1.18	**5,951,889**	**(96)**	**(62,101)**	**62,283**	**5,951,975**
Loss for the period	-	-	(45,295)	-	**(45,295)**
Other comprehensive income					
Exchange differences arising on translation, net of tax	-	-	-	(71,170)	**(71,170)**
Other comprehensive loss for the period, net of tax	**-**	**-**	**-**	**(71,170)**	**(71,170)**
Total comprehensive loss for the period	**-**	**-**	**(45,295)**	**(71,170)**	**(116,465)**
Cancellation of treasury shares	**(96)**	**96**	**-**	**-**	**-**
Balance at 31.3.18	**5,951,793**	**-**	**(107,396)**	**(8,887)**	**5,835,510**
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**

* 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at 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 2018	2,606,645,126	5,951,889
Cancellation of treasury shares	(56,400)	(96)
Balance at 31 March 2018	2,606,588,726	5,951,793

As at 31 March 2018, the number of ordinary shares in issue was 2,606,588,726 (31 March 2017: 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 2018, there were no convertible securities outstanding (31 March 2017: 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 2018, there were no treasury shares held (31 December 2017: 56,400). Total number of issued shares as at 31 March 2018 was 2,606,588,726 (31 December 2017: 2,606,588,726, excluding treasury shares).

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.

As at 8 March 2018, the Company has cancelled the treasury shares of 56,400 in compliance with the listing rules of the Stock Exchange of Hong Kong Limited.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

During the financial period, there was no transaction pertaining to subsidiary holdings.

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.

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I) issued by the ASC, and IFRS issued by the IASB.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as that of the audited financial statements for the year ended 31 December 2017, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning 1 January 2018 as follows:

SFRS(I) 9 *Financial Instruments*
SFRS(I) 15 *Revenue from Contracts with Customers*

The adoption of the above new and revised standards does not have any significant impact on the financial statements of the Group.

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.

Please refer to Note 4 above.

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	
	31.3.18	**31.3.17**
	RMB cents	**RMB cents**
Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:-		
(i) Based on weighted average number of ordinary shares in issue (RMB cents)	3.91	5.32
- Weighted average number of shares ('000)	2,606,589	2,256,589
(ii) On a fully diluted basis of ordinary shares (RMB cents)	3.91	5.32
- Weighted average number of shares ('000)	2,606,589	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 2018	293.87	223.88
As at 31 December 2017	288.23	228.34

Net asset value per share is calculated based on the number of shares in issue of 2,606,588,726 as at 31 March 2018 (31 December 2017: 2,606,588,726, excluding treasury shares).

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 RMB999.7 million in 1QFY2017 to RMB1,177.3 million in 1QFY2018, representing an increase of 17.8%. Gross profit ("**GP**") increased from RMB355.3 million in 1QFY2017 to RMB372.6 million in 1QFY2018.

Meanwhile, the Group's profit after tax (attributable to owners of the Company) decreased from RMB120.1 million in 1QFY2017 to RMB101.9 million in 1QFY2018, representing an decrease of 15.2%.

The decrease was due mainly to the listing expenses amounting to RMB28.0 million incurred in 1QFY2018.

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

	1QFY2018	1QFY2017	Change
	RMB '000	RMB '000	%
Construction	499,645	423,181	18.1
Operating and maintenance income from service concession arrangements	411,778	338,641	21.6
Financial income from service concession arrangements	199,446	178,238	11.9
Service income	29,952	27,353	9.5
Others	36,500	32,281	13.1
Total	**1,177,321**	**999,694**	**17.8**

Overall, the Group's revenue increased by RMB177.6 million or 17.8%, from RMB999.7 million in 1QFY2017 to RMB1,177.3 million in 1QFY2018. Revenue across all categories increased in 1QFY2018 as compared to 1QFY2017.

Construction Revenue

Construction revenue amounted to RMB499.6 million in 1QFY2018 (1QFY2017: RMB423.2 million). The higher revenue was mainly due to relatively higher amount of construction activities in progress in 1QFY2018 as compared to 1QFY2017.

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 RMB611.2 million in 1QFY2018 (1QFY2017: RMB516.9 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 from non-service concession arrangements amounted to RMB30.0 million in 1QFY2018 (1QFY2017: RMB27.4 million). There is no material variance for service income in 1QFY2018 as compared to 1QFY2017.

Other Revenue

Other revenue amounted to RMB36.5 million 1QFY2018 (1QFY2017: RMB32.3 million). The other revenue mainly consists 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 RMB17.3 million or 4.9% from RMB355.3 million in 1QFY2017 to RMB372.6 million in 1QFY2018. The increase was mainly due to contribution from newly acquired entities.

GPM decreased by 3.9 percentages from 35.5% in 1QFY2017 to 31.6% in 1QFY2018. The decrease was due mainly to increased cost for water treatment upgrading projects.

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

(C) Other income

Other income mainly consists of government subsidies which increased from RMB60.6 million in 1QFY2017 to RMB68.2 million in 1QFY2018. The increase was due mainly to higher amount of government subsidies recorded in 1QFY2018.

(D) Other gains and losses

Other gains and losses decreased from a gain of RMB6.1 million in 1QFY2017 to a loss of RMB1.0 million in 1QFY2018. The decrease was due mainly to foreign exchange loss recognised for 1QFY2018 while foreign exchange gain recorded in 1QFY2017.

(E) Selling and Distribution costs

Selling and distribution costs increased from RMB16.5 million in 1QFY2017 to RMB18.8 million in 1QFY2018. The increase in selling and distribution costs was due mainly to expansion of business.

(F) Administrative Expenses

Administrative expenses increased from RMB75.5 million in in 1QFY2017 to RMB110.0 million in 1QFY2018. The increase in administrative expenses was due mainly to the listing expenses of RMB28 million incurred in 1QFY2018 as well as newly acquired entities.

(G) Finance Expenses

Finance expenses amounted to RMB130.0 million in 1QFY2018 (1QFY2017: RMB128.5 million). There is no material variance for finance expenses in 1QFY2018 as compared to 1QFY2017.

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

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

The increase in share of results of joint ventures in 1QFY2018 as compared to 1QFY2017 was in line with the increase in amount of waste been processed as well as better cost control in 1QFY2018.

(I) Amortisation of Intangible Assets

Amortisation of intangible assets increased from RMB65.2 million in 1QFY2017 to RMB67.4 million in 1QFY2018. There is no material variance for amortisation of intangible asset in 1QFY2018 as compared to 1QFY2017.

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

STATEMENTS OF FINANCIAL POSITION

(J) Current Assets

Current assets as at 31 March 2018 amounted to RMB3.98 billion (31 December 2017: RMB3.88 billion). There was no material variance for the Group's current assets as at 31 March 2018 as compared to 31 December 2017.

(K) Non-current Assets

Non-current assets as at 31 March 2018 amounted to RMB22.57 billion (31 December 2017: RMB21.77 billion). The increase was due mainly to (i) consolidation of newly acquired subsidiaries and (ii) construction of certain wastewater treatment projects during 1QFY2018. The increase is partially offset by the decrease in prepayments made for investment in subsidiaries in FY2017 as a result of completion of consolidation in 1QFY2018.

(L) Current Liabilities

Current liabilities as at 31 March 2018 amounted to RMB6.50 billion (31 December 2017: RMB6.24 billion). The increase was due mainly to the new finance lease taken up as well as the consolidation of newly acquired subsidiaries.

(M) Non-current Liabilities

Non-current liabilities as at 31 March 2018 amounted to RMB9.53 billion (31 December 2017: RMB9.16 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 2018, the Group's cash and cash equivalents stood at RMB1,223.3 million (31 December 2017: RMB1,402.1 million). In 1QFY2018, net cash of RMB327.7 million was used in the Group's operating activities, mainly towards the Group's investments in projects with service concession arrangements. Excluding cash used in these projects, net cash generated from operating activities were RMB54.3 million.

Net cash used in the Group's investing activities of RMB218.8 million in 1QFY2018 was due mainly to net cash outflow from acquisition of subsidiaries and purchase of property, plant and equipments and intangibles assets.

Net cash generated from financing activities of RMB364.4 million in 1QFY2018 was due mainly to net proceeds from bank borrowings and finance leaseback arrangement, which is partially offset by the 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.

The People's Republic of China (PRC) remains dedicated to winning the battle against pollution. President Xi's Beautiful China initiative and the government's effort in building an ecological civilisation will be the long-term anchor of China's environmental policies down the road. In line with the government's solid commitment to green development and ecological conservation, SIIC Environment will continue to focus on enhancing the country's water quality and strengthening the water treatment and waste incineration industries.

The continued support and investment into the environment sector in China are expected to contribute positively to the Group's performance going forward. Through executing our Build-Operate-Transfer (BOT) and Transfer-Operate-Transfer (TOT) water treatment and waste management projects across China, the Group looks to further scale up our treatment volume and operating capacity. SIIC Environment also expects more business opportunities from the expansion and upgrading of its existing projects.

In addition, the 'Belt and Road Initiative' by the PRC government is expected to present further investment and acquistion opportunities in the environmental sector both in China and abroad for the Group.

Notably, SIIC Environment successfully completed the dual primary listing of its ordinary shares on the Main Board of the Stock Exchange of Hong Kong (HKEX) by way of introduction on 23 March 2018, which presents an expanded investor pool across both the Singapore and Hong Kong markets. This company milestone is expected to support the Group's long-term growth plans towards enhancing liquidity and broadening its capital base for future endeavours.

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$220.5 million from the share placement exercise in May 2017 ("2017 Share Placement"). Deployment of the net proceeds has been in accordance with the intended utilisation as stated in the announcement dated 16 January 2017. 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 2017 Share Placement has been utilised for the following purposes:

Purpose	Amount S$ 'million
Net proceeds raised from the 2017 Share Placement in May 2017	**220.5**
Less utilisation:	
- Repayment of loan obtained from SIHL Finance Limited	(135.4)
General corporate purpose:	
a. Payment for the purchase consideration of RMB9.1 million in relation to the acquisition of 100% equity interest in Pinghu Dushan Wastewater Treatment Co., Ltd.	(8.2)
a. Payment for the 100% equity of USD8 million for incorporation of SIIC Environment Industrial (Taixing) Co.Ltd.	(10.8)
b. Payment for the purchase consideration in relation to the acquisition of Dalian Ziguang Lingshui Waste Water Treatment Co., Ltd.	(8.1)
c. Repayment of interest of loan obtained from holding company	(12.4)
d. Payment of professional fees and operating expenses	(9.1)
Balance of net proceeds raised from the 2017 Share Placement as at date of this result announcement	**36.5**

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 2018, to be false or misleading, in any material aspect.

16. Confirmation that the Issuer has Procured Undertakings form 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
14 May 2018