

The Singapore Exchange Securities Trading Limited, Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2020

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 (International) and International 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. Xu Xiaobing
Executive Director

Hong Kong, 8 May 2020

As at the date of this announcement, the non-executive Chairman is Mr. Zhou Jun; the executive Directors are Mr. Feng Jun, Mr. Huang Hanguang, Mr. Zhao Youmin, 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 2020

8 May 2020

Table of Contents

	Page No
Consolidated Statement of Comprehensive Income	1
Statements of Financial Position	3
Consolidated Statement of Cash Flows	5
Statements of Changes in Equity	7
Review of Performance	12
Outlook	16
Board Confirmation	18



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

First Quarter of Financial Year 2020 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 (“1QFY2020”) ENDED 31 MARCH 2020

	Note	← Group →		Changes %
		3 Months Ended		
		31.3.20 RMB'000	31.3.19 RMB'000	
Revenue	8(A)	1,052,924	1,335,519	(21.2)
Cost of sales		(640,118)	(906,273)	(29.4)
Gross profit	8(B)	412,806	429,246	(3.8)
Other income	8(C)	58,723	73,972	(20.6)
Other gains and losses	8(D)	3,071	(295)	N.M
Selling and distribution costs	8(E)	(15,428)	(16,996)	(9.2)
Administrative expenses	8(F)	(75,355)	(89,493)	(15.8)
Finance expenses	8(G)	(175,816)	(156,105)	12.6
Share of results of joint ventures	8(H)	8,372	10,549	(20.6)
Share of results of associates	8(H)	(815)	(80)	N.M
Profit before tax	(i)	215,558	250,798	(14.1)
Income tax expense	(ii), 8(J)	(47,377)	(60,085)	(21.2)
Profit for the period		168,181	190,713	(11.8)
Other comprehensive income:				
<i>Items that will not be reclassified to profit or loss:</i>				
Exchange difference arising from translation		(74,465)	45,372	N.M
Fair value change on investments in equity instruments designated as at FVTOCI		(1,918)	(1,781)	7.7
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising from translation of foreign operations		9,358	3,606	N.M
Total comprehensive income for the period		101,156	237,910	(57.5)
Profit for the period attributable to:				
Owners of the Company		130,108	150,085	(13.3)
Non-controlling interests		38,073	40,628	(6.3)
		168,181	190,713	(11.8)
Total comprehensive income attributable to:				
Owners of the Company		63,083	197,282	(68.0)
Non-controlling interests		38,073	40,628	(6.3)
		101,156	237,910	(57.5)

N.M. – Not Meaningful

Notes:

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

	3 Months Ended	
	31.3.20	31.3.19
	RMB'000	RMB'000
Amortisation of intangible assets (Note 8(I))	76,072	68,300
Depreciation of right-of-use asset	1,754	67
Depreciation of property, plant and equipment	9,122	9,079
Loss on disposal of property, plant and equipment	11	-
Gain on disposal of subsidiary	(48)	-
Foreign exchange (gain)/loss, net	(3,699)	793
Loss allowance for/(Reversal of) trade receivables, net	466	(64)

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

	3 Months Ended	
	31.3.20	31.3.19
	RMB'000	RMB'000
Under/(Over) provision of tax in respect of prior periods	1,990	(13)

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 31.03.20	As At 31.12.19	As At 31.03.20	As At 31.12.19
		RMB'000	RMB'000	RMB'000	RMB'000
Current assets					
Cash and cash equivalents		2,056,302	2,374,770	135,637	172,687
Pledged bank deposits		189,047	234,672	-	-
Trade and other receivables		2,598,225	2,336,371	11,861	5,146
Bills receivables		19,472	13,747	-	-
Prepayments		74,426	60,303	2,569	2,399
Inventories		179,056	159,115	-	-
Receivables under service concession arrangements		468,008	476,970	-	-
Amounts due from customers for contract work		84,569	66,772	-	-
Amounts due from subsidiaries		-	-	1,219,623	1,171,378
Amounts due from joint venture		462	137	462	137
Amounts due from associate		10,902	10,902	-	-
Financial assets at fair value through profit or loss		2,703	3,353	-	-
Assets classified as held for sale		205,350	202,150	-	-
Total current assets	8(K)	5,888,522	5,939,262	1,370,152	1,351,747
Non-current assets					
Financial assets at fair value through other comprehensive income		41,906	45,306	14,885	15,470
Prepayments		131,847	501,275	-	-
Receivables under service concession arrangements		17,633,170	17,193,272	-	-
Property, plant and equipment		314,793	318,413	402	511
Intangible assets		6,679,043	6,741,574	-	-
Long term receivables		350,293	350,058	-	-
Deferred tax assets		73,416	70,996	-	-
Investment in subsidiaries		-	-	5,544,248	5,762,344
Interest in joint ventures		525,435	532,607	329,097	342,043
Interest in associates		98,892	99,078	-	-
Goodwill on consolidation		457,241	457,241	-	-
Amounts due from associate		57,656	56,648	-	-
Right-of-use assets		59,149	60,903	16,917	17,561
Total non-current assets	8(L)	26,422,841	26,427,371	5,905,549	6,137,929
Total assets		32,311,363	32,366,633	7,275,701	7,489,676
Current liabilities					
Trade and other payables		3,256,845	3,615,054	41,588	48,406
Bills payable to banks		16,796	42,557	-	-
Tax payable		109,389	127,713	-	-
Amounts due to customers for contract work		14,019	11,075	-	-
Amounts due to subsidiaries		-	-	68,352	70,589
Bank and other borrowings		5,899,626	5,283,615	997,948	991,791
Liabilities directly associated with assets classified as held for sale		153,126	156,195	-	-
Lease liabilities		10,118	9,995	6,594	6,515
Total current liabilities	8(M)	9,459,919	9,246,204	1,114,482	1,117,301
Non-current liabilities					
Bank and other borrowings		8,669,486	9,066,342	-	-
Deferred tax liabilities		2,026,576	2,009,597	-	-
Other non-current liabilities		157,661	138,812	-	-
Lease liabilities		44,312	45,948	10,446	11,169
Total non-current liabilities	8(N)	10,898,035	11,260,699	10,446	11,169
Capital, reserves and non-controlling interest					
Share capital	1(d)(ii)	5,947,420	5,947,420	5,947,420	5,947,420
Retained earnings		2,477,531	2,356,306	(23,836)	(54,850)
Other reserves		(16,349)	41,793	227,189	468,636
Equity attributable to owners of the Company		8,408,602	8,345,519	6,150,773	6,361,206
Non-controlling interests		3,544,807	3,514,211	-	-
Total equity		11,953,409	11,859,730	6,150,773	6,361,206
Total liabilities and equity		32,311,363	32,366,633	7,275,701	7,489,676

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 31.3.20 RMB'000		As at 31.12.19 RMB'000	
Secured/ Guaranteed	Unsecured/ Unguaranteed	Secured/ Guaranteed	Unsecured/ Unguaranteed
2,601,398	3,315,024	3,042,482	2,283,690

Amount repayable after one year

As at 31.3.20 RMB'000		As at 31.12.19 RMB'000	
Secured/ Guaranteed	Unsecured/ Unguaranteed	Secured/ Guaranteed	Unsecured/ Unguaranteed
7,423,555	1,245,931	7,418,498	1,647,844

Details of any collateral

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

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.

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	
	31.3.20	31.3.19
	RMB'000	RMB'000
Cash flows from operating activities		
Profit before tax	215,558	250,798
Adjustments for:		
Loss allowance for/(Reversal of) trade receivables, net	466	(64)
Depreciation of property, plant and equipment	9,122	9,079
Amortisation of intangible assets	76,072	68,300
Loss on disposal of property, plant and equipment	11	-
Depreciation of right use asset	1,754	67
Gain on disposal of subsidiary	(48)	-
Finance income	(5,609)	(5,299)
Finance expenses	175,815	156,105
Share of results of associates	815	80
Share of results of joint ventures	(8,372)	(10,549)
Foreign exchange loss	-	5
Fair value loss/(gain) on financial assets at fair value through profit or loss	650	(498)
Operating cash flow before working capital changes	466,234	468,024
(Increase)/decrease in:		
Inventories	(18,647)	(6,341)
Amounts due from/to customers for contract work, net	(16,146)	416
Trade receivables, other receivables and prepayments	(300,928)	(310,001)
Bills receivables	(5,725)	(697)
Amounts due from joint venture	306	197
Amounts due from associates	(1,008)	(5,337)
Increase/(decrease) in:		
Trade payables and other payables(inclusive of non-current liabilities)	(252,319)	(135,055)
Bills payable to banks	(25,761)	5,022
Cash (used in)/from operating activities before service concession arrangement projects	(153,994)	16,228
Change in receivables under service concession arrangements (Note A)	(95,797)	(788,013)
Cash used in operating activities after service concession arrangement projects	(249,791)	(771,785)
Interest received	1,974	2,469
Income tax paid	(50,846)	(37,790)
Net cash used in operating activities	(298,663)	(807,106)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(5,740)	(38,845)
Purchase of intangible assets and land use rights	(28,226)	(51,668)
Proceeds from disposal of property, plant and equipment	4	-
(Increase)/Decrease in prepayment for property, plant and equipment and intangible assets	(14,418)	3,990
Net cash outflow on disposal of subsidiary	(631)	-
Net cash used in investing activities	(49,011)	(86,523)

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	
	31.3.20	31.3.19
	RMB'000	RMB'000
Cash flows from financing activities:		
Proceeds from bank and other borrowings	1,127,001	559,016
Repayment of bank and other borrowings	(954,895)	(173,111)
Interest paid	(178,815)	(150,310)
Principal and interest elements of lease payments	(2,047)	-
Dividend paid to non-controlling interest in subsidiaries	(6,000)	(3,480)
Decrease in deposits pledged to banks	45,624	9,140
Net cash from financing activities	30,868	241,255
Net decrease in cash and cash equivalents	(316,806)	(652,374)
Cash and cash equivalents at beginning of period	2,374,770	2,133,225
Effects of exchange rate changes on the balance of cash held in foreign currencies	(1,662)	2,398
Cash and cash equivalents at end of period	2,056,302	1,483,249

Cash and cash equivalents at end of period		
Cash and bank balances	2,245,349	1,590,686
Less: Pledged bank deposits	(189,047)	(107,437)
Cash and cash equivalents	2,056,302	1,483,249

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 1QFY2020.

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										Equity attributable to owners of the Company	Non-controlling interests	Total equity
	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				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.1.20	5,947,420	-	2,356,306	41,793	351,003	(10,152)	(83,253)	(15,490)	(200,315)	8,345,519	3,514,211	11,859,730	
Profit for the period	-	-	130,108	-	-	-	-	-	-	130,108	38,073	168,181	
<u>Other comprehensive income</u>													
Exchange differences arising on translation	-	-	-	(74,465)	-	-	(74,465)	-	-	(74,465)	-	(74,465)	
Exchange differences arising on translation of foreign operations	-	-	-	9,358	-	-	9,358	-	-	9,358	-	9,358	
Fair value change on investments in equity instruments designated as at FVTOCI	-	-	-	(1,918)	-	(1,918)	-	-	-	(1,918)	-	(1,918)	
Other comprehensive income for the period, net of tax	-	-	-	(67,025)	-	(1,918)	(65,107)	-	-	(67,025)	-	(67,025)	
Total comprehensive income for the period	-	-	130,108	(67,025)	-	(1,918)	(65,107)	-	-	63,083	38,073	101,156	
<u>Transactions with owners recognised directly in equity</u>													
Transfer to general reserve	-	-	(8,883)	8,883	8,883	-	-	-	-	-	-	-	
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	(1,477)	(1,477)	
Total	-	-	(8,883)	8,883	8,883	-	-	-	-	-	(1,477)	(1,477)	
<u>Others</u>													
Dividend declared to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(6,000)	(6,000)	
Total	-	-	-	-	-	-	-	-	-	-	(6,000)	(6,000)	
Balance at 31.3.20	5,947,420	-	2,477,531	(16,349)	359,886	(12,070)	(148,360)	(15,490)	(200,315)	8,408,602	3,544,807	11,953,409	

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

GROUP	Attributable to owners of the Company										Equity attributable to owners of the Company	Non-controlling interests	Total equity
	Share capital	Treasury shares	Retained earnings	Other reserves, total	General Reserve	Investment revaluation reserve	Translation reserve	Effects of changes in ownership interest in subsidiaries where there is no change in control	Merger reserve				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.1.19	5,951,793	-	1,942,675	(49,672)	296,162	(7,269)	(122,760)	(15,490)	(200,315)	7,844,796	3,068,874	10,913,670	
Profit for the period	-	-	150,085	-	-	-	-	-	-	150,085	40,628	190,713	
<u>Other comprehensive income</u>													
Exchange differences arising on translation	-	-	-	45,372	-	-	45,372	-	-	45,372	-	45,372	
Exchange differences arising on translation of foreign operations	-	-	-	3,606	-	-	3,606	-	-	3,606	-	3,606	
Fair value change on investments in equity instruments designated as at FVTOCI	-	-	-	(1,781)	-	(1,781)	-	-	-	(1,781)	-	(1,781)	
Other comprehensive income for the period, net of tax	-	-	-	47,197	-	(1,781)	48,978	-	-	47,197	-	47,197	
Total comprehensive income for the period	-	-	150,085	47,197	-	(1,781)	48,978	-	-	197,282	40,628	237,910	
<u>Transactions with owners recognised directly in equity</u>													
Transfer to general reserve	-	-	(11,500)	11,500	11,500	-	-	-	-	-	-	-	
Total	-	-	(11,500)	11,500	11,500	-	-	-	-	-	-	-	
<u>Others</u>													
Dividend declared to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(3,480)	(3,480)	
Total	-	-	-	-	-	-	-	-	-	-	(3,480)	(3,480)	
Balance at 31.3.19	5,951,793	-	2,081,260	9,025	307,662	(9,050)	(73,782)	(15,490)	(200,315)	8,042,078	3,106,022	11,148,100	

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

COMPANY	Attributable to owners of the Company				
	Share capital RMB'000	Treasury shares RMB'000	Retained earnings RMB'000	Other reserves* RMB'000	Total equity RMB'000
Balance at 1.1.20	5,947,420	-	(54,850)	468,636	6,361,206
Profit for the period	-	-	31,014	-	31,014
<u>Other comprehensive loss</u>					
Exchange differences arising on translation, net of tax	-	-	-	(241,447)	(241,447)
Other comprehensive loss for the period, net of tax	-	-	-	(241,447)	(241,447)
Total comprehensive loss for the period	-	-	31,014	(241,447)	(210,433)
Balance at 31.3.20	5,947,420	-	(23,836)	227,189	6,150,773
Balance at 1.1.19	5,951,793	-	133,458	309,098	6,394,349
Loss for the period	-	-	(3,210)	-	(3,210)
<u>Other comprehensive loss</u>					
Exchange differences arising on translation, net of tax	-	-	-	(120,263)	(120,263)
Other comprehensive loss for the period, net of tax	-	-	-	(120,263)	(120,263)
Total comprehensive loss for the period	-	-	(3,210)	(120,263)	(123,473)
Balance at 31.3.19	5,951,793	-	130,248	188,835	6,270,876

* 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
<u>Issued and paid up share capital</u>		
Balance at 1 January 2020 and 31 March 2020	2,602,817,726	5,947,420

As at 31 March 2020, the number of ordinary shares in issue was 2,602,817,726 (31 March 2019: 2,606,588,726 ordinary 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 2020, there were no convertible securities outstanding (31 March 2019: 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 2020, there were no treasury shares held (31 December 2019: Nil). Total number of issued shares as at 31 March 2020 was 2,602,817,726 (31 December 2019: 2,602,817,726).

- 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 2020.

- 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 modifications or emphasis of matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
 (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

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 as that of the audited financial statements for the year ended 31 December 2019.

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	
	31.3.20	31.3.19
	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)	5.00	5.76
- Weighted average number of shares ('000)	2,602,818	2,606,589
(ii) On a fully diluted basis of ordinary shares (RMB cents)	5.00	5.76
- Weighted average number of shares ('000)	2,602,818	2,606,589

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 2020	323.06	236.31
As at 31 December 2019	320.63	244.40

Net asset value per share is calculated based on the number of shares in issue of 2,602,817,726 as at 31 March 2020 (31 December 2019: 2,602,817,726).

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 decrease in revenue from RMB1,335.5 million in 1QFY2019 to RMB1,052.9 million in 1QFY2020, representing an decrease of 21.2%. Gross profit ("GP") decreased from RMB429.2 million in 1QFY2019 to RMB412.8 million in 1QFY2020.

Meanwhile, the Group's profit after tax (attributable to owners of the Company) decreased from RMB150.1 million in 1QFY2019 to RMB130.1 million in 1QFY2020, representing an decrease of 13.3%.

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

	1QFY2020	1QFY2019	Change
	RMB '000	RMB '000	%
Construction	174,765	509,008	(65.7)
Operating and maintenance income from service concession arrangements	579,890	478,954	21.1
Financial income from service concession arrangements	243,139	232,209	4.7
Service income	30,926	39,538	(21.8)
Others	24,204	75,810	(68.1)
Total	1,052,924	1,335,519	(21.2)

Overall, the Group's revenue decreased by RMB282.6 million or 21.2%, from RMB1,335.5 million in 1QFY2019 to RMB1,052.9 million in 1QFY2020.

Construction Revenue

Construction revenue amounted to RMB174.8 million in 1QFY2020 (1QFY2019: RMB509.0 million). The lower revenue was mainly due to relatively lower amount of construction activities in progress in 1QFY2020 as compared to 1QFY2019 as a result of the outbreak of Covid-19 in Mainland China.

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 RMB823.0 million in 1QFY2020 (1QFY2019: RMB711.2 million). The higher revenue was due mainly to increase in water treatment sales volume and wastewater treatment price.

Service Income

Service income from non-service concession arrangements amounted to RMB30.9 million in 1QFY2020 (1QFY2019: RMB39.5 million). The lower revenue was due mainly to lower water treatment volume from operations and maintenance projects in 1QFY2020 as compared to 1QFY2019.

Other Revenue

Other revenue amounted to RMB24.2 million 1QFY2020 (1QFY2019: RMB75.8million). 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 decreased by RMB16.4 million or 3.8% from RMB429.2 million in 1QFY2019 to RMB412.8 million in 1QFY2020. The decrease was due to lower construction revenue and others revenue as explained in Note A.

GPM increased by 7.1% from 32.1% in 1QFY2019 to 39.2% in 1QFY2020. The increase was due mainly to higher contribution from operation category (which has a relatively higher GPM) during 1QFY2020 as compared to 1QFY2019.

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

(C) Other income

Other income decreased from RMB74.0 million in 1QFY2019 to RMB58.7 million in 1QFY2020. Other income consisted mainly of government subsidies which amounted to RMB48.6 million in 1QFY2020 (1QFY2019:RMB 54.6 million). The decrease was mainly due to lower ad hoc maintenance work carried out in 1QFY2020 compared to 1QFY2019.

(D) Other gains and losses

Other gains and losses increased from a loss of RMB0.3 million in 1QFY2019 to a gain of RMB3.1 million in 1QFY2020. The movement in other gains and losses is due mainly to the fluctuation of foreign exchange (mainly resulting from movement of RMB against SGD) as well as fair value change on financial assets at fair value through profit or loss during the period.

(E) Selling and Distribution costs

Selling and distribution costs decrease from RMB17.0 million in 1QFY2019 to RMB15.4 million in 1QFY2020. The decrease in selling and distribution expenses was due mainly to lesser activities carried out during 1QFY2020.

(F) Administrative Expenses

Administrative expenses decreased from RMB89.5 million in 1QFY2019 to RMB75.4 million in 1QFY2020. The decrease in administrative expenses was due mainly to the reduced business activities during 1QFY2020.

(G) Finance Expenses

Finance expenses amounted to RMB175.8 million in 1QFY2020 (1QFY2019: RMB156.1 million). The increase in finance expenses was due mainly to new borrowings taken up.

(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 joint ventures in 1QFY2020 as compared to 1QFY2019 was due mainly to lower contribution from joint ventures.

(I) Amortisation of Intangible Assets

Amortisation of intangible assets increased from RMB68.3 million in 1QFY2019 to RMB76.0 million in 1QFY2020. There is no material variance for amortisation of intangible asset in 1QFY2020 as compared to 1QFY2019.

(J) Income Tax Expenses

Income tax expenses decreased from RMB60.1 million in 1QFY2019 to RMB47.4 million in 1QFY2020. The lower income tax expense was due mainly to lower profit generated in 1QFY2020 as compared to 1QFY2019.

8. A review of the performance of the group – cont'd.**STATEMENTS OF FINANCIAL POSITION****(K) Current Assets**

Current assets as at 31 March 2020 amounted to RMB5.89 billion (31 December 2019: RMB5.94 billion). The decrease was mainly due to net cash outflows during Q1FY2019 (for details, please refer to analysis on “Statement of cash flows” below).

(L) Non-current Assets

Non-current assets as at 31 March 2020 amounted to RMB26.42 billion (31 December 2019: RMB26.43 billion). There was no material variance for the Group’s non-current assets as at 31 March 2020 as compared to 31 December 2019.

(M) Current Liabilities

Current liabilities as at 31 March 2020 amounted to RMB9.46 billion (31 December 2019: RMB9.25 billion). The increase was due mainly to the new borrowings taken up which are due for repayment within one year.

(N) Non-current Liabilities

Non-current liabilities as at 31 March 2020 amounted to RMB10.89 billion (31 December 2019: RMB11.26 billion). There was no material variance for the Group’s non-current liabilities as at 31 March 2020 as compared to 31 December 2019.

STATEMENT OF CASH FLOWS

As at 31 March 2020, the Group’s cash and cash equivalents stood at RMB2,056.3 million (31 December 2019: RMB2,374.8 million). In 1QFY2020, net cash of RMB298.7 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 used in operating activities were RMB154.0 million.

Net cash used in the Group’s investing activities of RMB49.0 million in 1QFY2020 was due mainly to net cash outflow from purchase of property, plant and equipments and intangibles assets.

Net cash generated from financing activities of RMB30.9 million in 1QFY2020 was due mainly to net proceeds from bank borrowings, 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 year of 2020 is the final stage of water pollution prevention and control in People's Republic of China ("China"). According to 13th Five-Year National Urban Sewage Treatment and Water Recycling Facilities Construction Planning (FYP), by the end of 2020, China will achieve full coverage of urban sewage treatment facilities and take control of black and odorous water bodies within the area of prefecture-level cities. Meanwhile, the country will further enhance the treatment capability of facilities to be upgraded and expanded. The Group will continue to upgrade its existing facilities and upgrade discharge standards to achieve its parallel development goals of sewage treatment and water supply business.

In order to encourage the development of pollution prevention and management enterprises in professionalism and scale, the Ministry of Finance, the State Taxation Administration, the National Development and Reform Commission and the Ministry of Ecology and Environment of China have jointly issued an announcement No. 60 on April 2019 to better support establishment of an ecological civilization. According to the announcement, corporate income tax on eligible third-party enterprises which engaged in pollution prevention and control shall be levied at the reduced rate of 15%. The implementation period of the announcement shall be from January 1, 2019 to December 31, 2021. The Group's project companies will apply to the government for tax preferences in accordance with above-mentioned regulations.

On April 2020, the government of China issued a notice "Promoting the Construction of New Waste Incineration Energy Generation Projects in an Orderly Manner" (draft for comments). The government will strengthen its supervision of use subsidy funds for new projects based on expenditure determined by revenue, as to ensure full usage of the funds. The government will further enhance the management of new projects in view of issues such as illegal fuel-blended burning, emissions below the standards and industrial electricity consumption violating the protocol. The regulation is expected to bring more standardized development to the environmental protection industry.

As the COVID-19 outbreak in China has been effectively controlled, businesses have gradually resumed across the country. The government is expected to resume construction and tendering activities of new municipal environmental protection projects during the second quarter. Under the ongoing development of environmental infrastructure in China, the Group will strengthen its main business operation in accordance with China's national development strategy, continue to maintain close cooperation with local governments, and explore more new high-quality projects and emerging markets.

11. Dividend

If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

None.

(b) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the Dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 p.m.) will be registered before entitlements.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

The Company did not declare any dividend as the Company requires cash to fund its capital expenditure and investment in projects.

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 fully utilized.

15. Confirmation by Directors pursuant to Rule 705(5) of the SGX-ST Listing Manual

We, Xu Xiaobing and Feng Jun, 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 2020, to be false or misleading, in any material aspect.

16. 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 Xiaobing
Executive Director
8 May 2020