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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 Second Quarter and Six Months ended 30 June 2019

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, 7 August 2019

As at the date of this announcement, the non-executive Chairman is Mr. Zhou Jun; the executive Directors are Mr. Feng Jun, Mr. Xu Xiaobing, Mr. Xu Zhan, Mr. Huang Hanguang and Mr. Zhao Youmin; 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 Second Quarter and Six Months
ended 30 June 2019

7 August 2019

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

Second Quarter and First Half of Financial Year 2019 Financial Statements And Dividend Announcement

Business Review

The board of SIIC Environment Holdings Ltd. (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2019 ("1HFY2019"). The Group's net profit attributable to shareholders amounted to RMB300.2 million, up 17.4% for the comparative period in 1HFY2018.

This was on the back of a 2.5% increase in revenue to RMB2.9 billion as supported by higher water treatment and supply sales volume. Gross profit rose 15.3% to RMB927.4 million, mainly on contribution from increased operating and maintenance income from service concession arrangement.

As at 30 June 2019, the Group's cash and cash equivalents stood at a healthy RMB2,441.5 million.

Review of Interim Results

The audit committee has reviewed the Company's unaudited consolidated interim results for the six months ended 30 June 2019.

Corporate Governance

The Company has complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of the Hong Kong Limited (the "Stock Exchange") throughout the six months ended 30 June 2019.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities during 1HFY2019.

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

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

UNAUDITED RESULTS FOR THE SECOND QUARTER ("2QFY2019") AND FIRST HALF FINANCIAL YEAR ("1HFY2019") ENDED 30 JUNE 2019

	Note	3 Months Ended		Change s	6 Months Ended		Changes
		30.6.19	30.6.18		30.6.19	30.6.18	
		RMB'000	RMB'000		RMB'000	RMB'000	
Revenue	8(A)	1,586,260	1,673,601	(5.2)	2,921,779	2,850,922	2.5
Cost of sales		(1,088,122)	(1,241,908)	(12.4)	(1,994,395)	(2,046,648)	(2.6)
Gross profit	8(B)	498,138	431,693	15.4	927,384	804,274	15.3
Other income	8(C)	47,484	62,337	(23.8)	121,456	130,543	(7.0)
Other gains and losses	8(C)	(105)	1,775	N.M.	(400)	757	N.M.
Selling and distribution costs	8(D)	(18,121)	(17,588)	3.0	(35,117)	(36,370)	(3.4)
Administrative expenses	8(E)	(122,978)	(98,740)	24.5	(212,471)	(208,709)	1.8
Finance expenses	8(F)	(168,887)	(133,889)	26.1	(324,992)	(263,830)	23.2
Share of results of joint ventures	8(G)	12,819	13,759	(6.8)	23,368	28,439	(17.8)
Share of results of associates	8(G)	(709)	(720)	(1.5)	(789)	(1,404)	(43.8)
Profit before tax	8(H)	247,641	258,627	(4.2)	498,439	453,700	9.9
Income tax expense	8(I)	(64,800)	(64,782)	0.0	(124,885)	(113,110)	10.4
Profit for the period		182,841	193,845	(5.7)	373,554	340,590	9.7
Other comprehensive (loss)/ income:							
<i>Items that will not be reclassified to profit or loss:</i>							
Exchange difference arising from translation		(38,796)	(79,766)	(51.4)	6,576	(24,332)	N.M.
Fair value change on investments in equity instruments designated as at FVTOCI		(787)	-	N.M.	(2,568)	-	N.M.
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Exchange differences arising from translation of foreign operations		(9,428)	17,265	N.M.	(5,822)	6,928	N.M.
Total comprehensive income for the period		133,830	131,344	1.9	371,740	323,186	15.0
Profit for the period attributable to:							
Owners of the Company		150,098	153,735	(2.4)	300,183	255,600	17.4
Non-controlling interests		32,743	40,110	(18.4)	73,371	84,990	(13.7)
		182,841	193,845	(5.7)	373,554	340,590	9.7
Total comprehensive income attributable to:							
Owners of the Company		101,087	91,234	10.8	298,369	238,196	25.3
Non-controlling interests		32,743	40,110	(18.4)	73,371	84,990	(13.7)
		133,830	131,344	1.9	371,740	323,186	15.0
Earnings per share (RMB cents)	(6)						
-Basic		5.76	5.90	(2.4)	11.52	9.81	17.4
-Dilute		5.76	5.90	(2.4)	11.52	9.81	17.4

N.M. – Not Meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Note	Group		Company	
		As At 30.6.19	As At 31.12.18	As At 30.6.19	As At 31.12.18
		RMB'000	RMB'000	RMB'000	RMB'000
Current assets					
Cash and cash equivalents		2,441,487	2,133,225	9,025	37,910
Pledged bank deposits		107,692	119,354	-	-
Trade and other receivables	8(J)	2,481,501	2,286,958	1,099	4,667
Bills receivables		3,165	1,964	-	-
Prepayments		86,454	45,781	259	76
Inventories		118,932	121,219	-	-
Receivables under service concession arrangements		428,693	361,619	-	-
Amounts due from customers for contract work		75,814	56,553	-	-
Amounts due from subsidiaries		-	-	955,227	848,107
Amounts due from joint venture		787	137	787	137
Amounts due from associates		49,836	43,250	-	-
Financial assets at fair value through profit or loss		3,559	3,067	-	-
Assets classified as held for sale		202,281	198,434	-	-
Total current assets	8(K)	6,000,201	5,371,561	966,397	890,897
Non-current assets					
Financial assets at fair value through other comprehensive income		44,846	44,017	15,164	15,080
Prepayments		94,913	67,464	-	-
Receivables under service concession arrangements		16,655,075	15,484,851	-	-
Property, plant and equipment		319,350	315,635	708	927
Intangible assets		6,804,005	6,702,690	-	-
Land use rights		6,048	6,189	-	-
Long term receivables		363,000	362,528	-	-
Deferred tax assets		64,177	67,045	-	-
Investment in subsidiaries		-	-	5,763,015	5,731,030
Interest in joint ventures		763,371	736,516	560,971	557,858
Interest in associates		79,818	80,927	-	-
Goodwill on consolidation		457,241	457,241	-	-
Amounts due from associates		17,260	22,081	-	-
Total non-current assets	8(L)	25,669,104	24,347,184	6,339,858	6,304,895
Total assets		31,669,305	29,718,745	7,306,255	7,195,792
Current liabilities					
Trade and other payables	8(M)	3,600,830	3,253,304	37,083	40,296
Bills payable to banks		61,871	59,070	-	-
Tax payable		109,859	126,198	-	-
Amounts due to customers for contract work		7,801	5,098	-	-
Amounts due to subsidiaries		-	-	95,980	69,926
Bank and other borrowings		4,982,204	4,285,898	912,735	691,221
Finance lease		126,772	123,194	-	-
Liabilities directly associated with assets classified as held for sale		158,306	157,665	-	-
Total current liabilities	8(N)	9,047,643	8,010,427	1,045,798	801,443
Non-current liabilities					
Bank and other borrowings		9,015,296	8,235,639	-	-
Finance lease		398,505	463,707	-	-
Deferred tax liabilities		1,932,637	1,890,824	-	-
Other non-current liabilities		126,683	204,478	-	-
Total non-current liabilities	8(O)	11,473,121	10,794,648	-	-
Capital, reserves and non-controlling interest					
Share capital		5,951,793	5,951,793	5,951,793	5,951,793
Retained earnings		2,099,579	1,942,675	(33,654)	133,458
Other reserves		(39,986)	(49,672)	342,318	309,098
Equity attributable to owners of the Company		8,011,386	7,844,796	6,260,457	6,394,349
Non-controlling interests		3,137,155	3,068,874	-	-
Total equity		11,148,541	10,913,670	6,260,457	6,394,349
Total liabilities and equity		31,669,305	29,718,745	7,306,255	7,195,792

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

Amount repayable in one year or less, or on demand

As at 30.6.19 RMB'000		As at 31.12.18 RMB'000	
Secured/ Guaranteed	Unsecured/ Unguaranteed	Secured/ Guaranteed	Unsecured/ Unguaranteed
3,201,512	1,969,335	2,712,387	1,755,775

Amount repayable after one year

As at 30.6.19 RMB'000		As at 31.12.18 RMB'000	
Secured/ Guaranteed	Unsecured/ Unguaranteed	Secured/ Guaranteed	Unsecured/ Unguaranteed
7,607,410	1,806,391	7,201,062	1,498,284

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		Group	
	For 3 Months Ended		For 6 Months Ended	
	30.6.19	30.6.18	30.6.19	30.6.18
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Profit before tax	247,641	258,627	498,439	453,700
Adjustments for:				
Loss allowance for trade receivables, net	105	139	41	504
Reversal of loss allowance for non-trade receivables, net	-	(51)	-	(51)
Depreciation of property, plant and equipment	8,775	8,040	17,854	14,478
Amortisation of intangible assets	72,756	68,295	141,056	135,684
Amortisation of land use rights	74	66	141	136
(Gain)/Loss on disposal of property, plant and equipment	(13)	1,046	(13)	1,260
Finance income	(5,556)	(2,538)	(10,855)	(5,518)
Finance expenses	168,887	133,889	324,992	263,830
Share of results of associates	709	720	789	1,404
Share of results of joint ventures	(12,819)	(13,759)	(23,368)	(28,439)
Foreign exchange loss/(gain)	59	(2,942)	64	(245)
Fair value (gain)/loss on financial assets at fair value through profit and loss	6	711	(492)	829
Operating cash flow before working capital changes	480,624	452,243	948,648	837,572
(Increase)/decrease in:				
Inventories	10,854	(7,696)	4,513	(14,034)
Amounts due from/to customers for contract work, net	(19,259)	3,184	(18,843)	(11,913)
Trade receivables, other receivables and prepayments	(15,374)	69,476	(325,375)	(270,335)
Bills receivables	(504)	1,652	(1,201)	5,420
Amounts due from joint ventures	(19)	305	178	611
Amounts due from associate	3,371	1,135	(1,966)	2,552
Increase/(decrease) in:				
Trade payables and other payables(inclusive of non-current liabilities)	457,619	301,170	322,564	340,215
Bills payable to banks	7,426	(1,585)	12,448	(15,941)
Cash from operating activities before service concession arrangement projects	924,738	819,884	940,966	874,147
Change in receivables under service concession arrangements (Note A)	(425,463)	(872,920)	(1,213,476)	(1,229,132)
Cash generated from (used in) operating activities after service concession arrangement projects	499,275	(53,036)	(272,510)	(354,985)
Interest received	5,011	2,358	7,480	2,824
Income tax paid	(58,101)	(39,267)	(95,891)	(65,445)
Net cash generated from (used in) operating activities	446,185	(89,945)	(360,921)	(417,606)
Cash flows from investing activities:				
Purchase of property, plant and equipment	(9,460)	(4,297)	(48,305)	(16,082)
Purchase of intangible assets, net of amount on credit terms	(180,861)	(63,040)	(232,528)	(113,157)
(Decrease)/Increase in prepayment for property, plant and equipment and intangible assets	(1,171)	(5,181)	2,819	(9,728)
Proceeds from disposal of property, plant and equipment	21	51	21	51
Net cash outflow on acquisition of subsidiaries (Note B)	-	(4,910)	-	(157,269)
Purchase of financial assets at fair value through other comprehensive income	(3,000)	-	(3,000)	-
Dividend received from associates	320	-	320	-
Net cash used in investing activities	(194,151)	(77,377)	(280,673)	(296,185)

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

	Group		Group	
	For 3 Months Ended		For 6 Months Ended	
	30.6.19	30.6.18	30.6.19	30.6.18
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from financing activities:				
Proceeds from bank and other borrowings	1,704,184	755,434	2,263,200	1,615,284
Repayment of bank and other borrowings	(673,361)	(319,908)	(793,921)	(829,741)
Proceeds from finance leaseback arrangement	-	-	-	131,420
Repayment under finance leaseback arrangements	(7,724)	(130,780)	(60,275)	(167,856)
Interest paid	(185,634)	(139,423)	(335,944)	(255,309)
Dividend paid to equity shareholders	(131,779)	-	(131,779)	-
Dividend paid to non-controlling interest in subsidiaries	(1,610)	-	(5,090)	(16,320)
Contribution from non-controlling interests upon additional capital injection of a subsidiary	-	-	-	15,260
Decrease/(Increase) in deposits pledged to banks	2,178	(70,541)	11,318	(33,535)
Net cash generated from financing activities	706,254	94,782	947,509	459,203
Net increase/(decrease) in cash and cash equivalents	958,288	(72,540)	305,915	(254,588)
Cash and cash equivalents at beginning of period	1,483,249	1,223,299	2,133,225	1,402,104
Effects of exchange rate changes on the balance of cash held in foreign currencies	(50)	671	2,347	3,914
Cash and cash equivalents at end of period	2,441,487	1,151,430	2,441,487	1,151,430
Cash and cash equivalents at end of period				
Cash and bank balances	2,549,178	1,315,601	2,549,178	1,315,601
Less: Pledged bank deposits	(107,691)	(164,171)	(107,691)	(164,171)
Cash and cash equivalents	2,441,487	1,151,430	2,441,487	1,151,430

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 1HFY2019 and 2QFY2019 respectively.

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 1.1.19	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
Profit for the period	-	-	150,098	-	-	-	-	-	-	150,098	32,743	182,841
<u>Other comprehensive loss</u>												
Exchange differences arising on translation	-	-	-	(38,796)	-	-	(38,796)	-	-	(38,796)	-	(38,796)
Exchange differences arising on translation of foreign operations	-	-	-	(9,428)	-	-	(9,428)	-	-	(9,428)	-	(9,428)
Fair value change on investments in equity instruments designated as at FVTOCI	-	-	-	(787)	-	(787)	-	-	-	(787)	-	(787)
Other comprehensive loss for the period, net of tax	-	-	-	(49,011)	-	(787)	(48,224)	-	-	(49,011)	-	(49,011)
Total comprehensive income for the period	-	-	150,098	(49,011)	-	(787)	(48,224)	-	-	101,087	32,743	133,830
<u>Others</u>												
Dividend declared to equity shareholders	-	-	(131,779)	-	-	-	-	-	-	(131,779)	-	(131,779)
Dividend declared to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,610)	(1,610)
Total	-	-	(131,779)	-	-	-	-	-	-	(131,779)	(1,610)	(133,389)
Balance at 30.6.19	5,951,793	-	2,099,579	(39,986)	307,662	(9,837)	(122,006)	(15,490)	(200,315)	8,011,386	3,137,155	11,148,541

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 1.1.18	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
<u>Other comprehensive income</u>												
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
<u>Transactions with owners recognised directly in equity</u>												
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
<u>Others</u>												
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
Profit for the period	-	-	153,735	-	-	-	-	-	-	153,735	40,110	193,845
<u>Other comprehensive loss</u>												
Exchange differences arising on translation	-	-	-	(79,766)	-	-	(79,766)	-	-	(79,766)	-	(79,766)
Exchange differences arising on translation of foreign operations	-	-	-	17,265	-	-	17,265	-	-	17,265	-	17,265
Other comprehensive loss for the period, net of tax	-	-	-	(62,501)	-	-	(62,501)	-	-	(62,501)	-	(62,501)
Total comprehensive income for the period	-	-	153,735	(62,501)	-	-	(62,501)	-	-	91,234	40,110	131,344
Balance at 30.6.18	5,951,793	-	1,843,114	(43,814)	241,859	-	(65,104)	(20,254)	(200,315)	7,751,093	2,890,604	10,641,697

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 1.1.19	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
Loss for the period	-	-	(32,123)	-	(32,123)
<u>Other comprehensive income</u>					
Exchange differences arising on translation, net of tax	-	-	-	153,483	153,483
Other comprehensive income for the period, net of tax	-	-	-	153,483	153,483
Total comprehensive income for the period	-	-	(32,123)	153,483	121,360
<u>Others</u>					
Dividend declared to equity shareholders	-	-	(131,779)	-	(131,779)
Balance at 30.6.19	5,951,793	-	(33,654)	342,318	6,260,457

* Relates to translation reserve.

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

COMPANY	Attributable to owners of the Company				
	Share capital RMB'000	Treasury shares RMB'000	Retained earnings RMB'000	Other reserves* RMB'000	Total equity 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)
<u>Other comprehensive loss</u>					
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
Profit for the period	-	-	140,291	-	140,291
<u>Other comprehensive income</u>					
Exchange differences arising on translation, net of tax	-	-	-	79,401	79,401
Other comprehensive income for the period, net of tax	-	-	-	79,401	79,401
Total comprehensive income for the period	-	-	140,291	79,401	219,692
Balance at 30.6.18	5,951,793	-	32,895	70,514	6,055,202

* 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 2019 and 30 June 2019	2,606,588,726	5,951,793

As at 30 June 2019, the number of ordinary shares in issue was 2,606,588,726 (30 June 2018: 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 30 June 2019, there were no convertible securities outstanding (30 June 2018: Nil).

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

As at 30 June 2019, there were no treasury shares held (31 December 2018: Nil). Total number of issued shares as at 30 June 2019 was 2,606,588,726 (31 December 2018: 2,606,588,726).

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares for the financial period ended 30 June 2019.

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.

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 2018, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning 1 January 2019 as follows:

SFRS(I) 16 *Leases*

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.

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

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

	3 Months Ended		6 Months Ended	
	30.6.19	30.6.18	30.6.19	30.6.18
	RMB cents	RMB cents	RMB cents	RMB cents
Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:-				
(i) Based on weighted average number of ordinary shares in issue (RMB cents)	5.76	5.90	11.52	9.81
- Weighted average number of shares ('000)	2,606,589	2,606,589	2,606,589	2,606,589
(ii) On a fully diluted basis of ordinary shares (RMB cents)	5.76	5.90	11.52	9.81
- Weighted average number of shares ('000)	2,606,589	2,606,589	2,606,589	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 30 June 2019	307.35	240.18
As at 31 December 2018	300.96	245.31

Net asset value per share is calculated based on the number of shares in issue of 2,606,588,726 as at 30 June 2019 (31 December 2018: 2,606,588,726).

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 RMB2,850.9 million in 1HFY2018 to RMB2,921.8 million in 1HFY2019, representing an increase of 2.5%. Gross profit ("GP") has increased from RMB804.3 million in 1HFY2018 to RMB927.4 million in 1HFY2019.

Consequently, the Group's profit after tax (attributable to owners of the Company) increased from RMB255.6 million in 1HFY2018 to RMB300.2 million in 1HFY2019, representing an increase of 17.4%.

The increase was due mainly to higher water treatment and supply sales volume contributed from existing entities.

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

(A) Revenue

	2QFY2019	2QFY2018	Change	1HFY2019	1HFY2018	Change
	RMB '000	RMB '000	%	RMB '000	RMB '000	%
Construction	664,832	908,881	(26.9)	1,173,840	1,408,526	(16.7)
Operating and maintenance income from service concession arrangements	601,561	434,138	38.6	1,080,515	845,916	27.7
Financial income from service concession arrangements	239,626	214,923	11.5	471,835	414,369	13.9
Service income	50,679	44,228	14.6	90,217	74,180	21.6
Other revenue	29,562	71,431	(58.6)	105,372	107,931	(2.4)
Total	1,586,260	1,673,601	(5.2)	2,921,779	2,850,922	2.5

Overall, the Group's revenue increased by RMB70.9 million or 2.5%, from RMB2,850.9 million in 1HFY2018 to RMB2,921.8 million in 1HFY2019.

Construction Revenue

Construction revenue amounted to RMB664.8 million and RMB1,173.8 million in 2QFY2019 and 1HFY2019 respectively (2QFY2018: RMB908.9 million; 1HFY2018: RMB1,408.5 million). The lower revenue was mainly due to relatively lower amount of construction activities in progress in 2QFY2019 and 1HFY2019 as compared to 2QFY2018 and 1HFY2018.

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

(A) Revenue – cont'd

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 RMB841.2 million and RMB1,552.4 million in 2QFY2019 and 1HFY2019 respectively (2QFY2018: RMB649.1 million; 1HFY2018: RMB1,260.3 million). The higher revenue was due mainly to higher water treatment and supply sales volume.

Service Income

Service income from non-service concession arrangements amounted to RMB50.7 million and RMB90.2 million in 2QFY2019 and 1HFY2019 respectively (2QFY2018: RMB44.2 million; 1HFY2018: RMB74.2 million). The higher revenue was due mainly to higher water treatment volume from operations and maintenance projects in 2QFY2019 and 1HFY2019.

Other Revenue

Other revenue amounted to RMB29.6 million and RMB105.4 million in 2QFY2019 and 1HFY2019 respectively (2QFY2018: RMB71.4 million; 1HFY2018: RMB107.9 million). The decrease was mainly due to lower 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 RMB66.4 million or 15.4% from RMB431.7 million in 2QFY2018 to RMB498.1 million in 2QFY2019. Meanwhile, GP increased by RMB123.1 million or 15.3% from RMB804.3 million in 1HFY2018 to RMB927.4 million in 1HFY2019. The increase was mainly due to higher operating and maintenance income as well as financial income from service concession arrangements achieved by the Group as explained in Note A.

GPM increased by 5.6 percentages from 25.8% in 2QFY2018 to 31.4% in 2QFY2019 and 3.5 percentages from 28.2% in 1HFY2018 to 31.7% in 1HFY2019. The increase was due mainly to higher contribution from operation category during 2QFY2019 and 1HFY2019 (which has a relatively higher GPM).

(C) Other Income / Other gains and losses

Other income amounted to RMB47.5 million and RMB121.5 million in 2QFY2019 and 1HFY2019 respectively (2QFY2018: RMB62.3 million; 1HFY2018: RMB130.5 million). The decrease was mainly due to lower volume of installation of water meter work carried out.

Other gains and losses decreased from a gain of RMB1.8 million in 2QFY2018 to a loss of RMB0.1 million in 2QFY2019. From 1HFY2018 to 1HFY2019, other gains and losses decreased from a gain of RMB0.8 million to a loss of RMB0.4 million. 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 from financial assets during the period.

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

(D) Selling and Distribution costs

Selling and distribution costs increased from RMB17.6 million in 2QFY2018 to RMB18.1 million in 2QFY2019, but decreased from RMB36.4 million in 1HFY2018 to RMB35.1 million in 1HFY2019. There is no material changes in selling and distribution costs.

(E) Administrative Expenses

Administrative expenses increased from RMB98.7 million in 2QFY2018 to RMB123.0 million in 2QFY2019 and RMB208.7 million in 1HFY2018 to RMB212.5 million in 1HFY2019. The increase in administrative expenses was due mainly to expansion of business.

(F) Finance expenses

Finance expenses amounted RMB168.9 million in 2QFY2019 (2QFY2018: RMB133.9 million) and RMB325.0 million in 1HFY2019 (1HFY2018: RMB263.8 million). The increase in finance expenses was due mainly to new borrowings taken up.

(G) 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 1HFY2019 as compared to 1HFY2018 was due mainly to lower contribution from joint ventures.

(H) Profit before tax

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

	3 Months Ended		6 Months Ended	
	30.6.19	30.6.18	30.6.19	30.6.18
	RMB'000	RMB'000	RMB'000	RMB'000
Amortisation of intangible assets	72,756	68,295	141,056	135,684
Amortisation of land use rights	74	66	141	136
Depreciation of property, plant and equipment	8,775	8,040	17,854	14,478
(Gain)/Loss on disposal of property, plant and equipment	(13)	1,046	(13)	1,260
Foreign exchange loss/(gain), net	99	(2,486)	892	(1,586)
Loss allowance for trade receivables, net	105	139	41	504
Reversal of loss allowance for non-trade receivables, net	-	(51)	-	(51)
Fair value (gain)/loss on financial assets at fair value through profit and loss	6	711	(492)	829

Amortisation of intangible assets increased from RMB68.3 million in 2QFY2018 to RMB72.8 million in 2QFY2019 and RMB135.7 million in 1HFY2018 to RMB141.1 million in 1HFY2019. The increase was due to additions of intangible asset in 2QFY2019 and 1HFY2019.

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

(I) Income Tax Expenses

	3 Months Ended		6 Months Ended	
	30.6.19	30.6.18	30.6.19	30.6.18
	RMB'000	RMB'000	RMB'000	RMB'000
Current tax				
- Current period	41,712	38,589	75,542	68,931
- Under provision in respect of prior periods	4,860	1,375	4,190	1,175
Deferred tax				
- Current period	17,985	25,263	44,253	44,290
- Under/(Over) provision in respect of prior periods	243	(445)	900	(1,286)
	64,800	64,782	124,885	113,110

STATEMENTS OF FINANCIAL POSITION

(J) Trade and Other Receivables

The following is an aged analysis of trade receivables, net of loss allowance, excluding other receivables, presented based on the invoice date at the end of the reporting period:

	As at	
	30.6.19	31.12.18
	RMB'000	RMB'000
Within 30 days	430,068	451,627
Within 31 to 60 days	283,569	129,658
Within 61 to 90 days	134,828	117,634
Within 91 to 180 days	199,158	152,305
Within 181 to 365 days	233,764	116,424
Over 365 days	506,307	473,660
	1,787,694	1,441,308

(K) Current Assets

Current assets as at 30 June 2019 amounted to RMB6.0 billion (31 December 2018: RMB5.37 billion). The increase was mainly due to net cash inflows during 2QFY2019 and 1HFY2019 (for detail, please refer to analysis on "Statement of cash flows" below).

(L) Non-current Assets

Non-current assets as at 30 June 2019 amounted to RMB25.67 billion (31 December 2018: RMB24.35 billion). The increase was due mainly to construction of certain wastewater treatment projects during 1HFY2019.

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

(M) Trade and Other Payables

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	As at	
	30.6.19	31.12.18
	RMB'000	RMB'000
Within 30 days	994,589	867,117
Within 31 to 60 days	75,692	87,391
Within 61 to 90 days	72,579	88,816
Within 91 to 180 days	204,432	147,619
Within 181 to 365 days	387,571	192,286
Over 365 days	492,276	518,798
	2,227,139	1,902,027

(N) Current Liabilities

Current liabilities as at 30 June 2019 amounted to RMB9.05 billion (31 December 2018: RMB8.01 billion). The increase was due mainly to (i) new borrowings taken up which are due for repayment within one year as well (ii) increase in trade and other payables as a result of the ongoing of construction activities are in progress in 1HFY2019.

(O) Non-current Liabilities

Non-current liabilities as at 30 June 2019 amounted to RMB11.47 billion (31 December 2018: RMB10.79 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 30 June 2019, the Group's cash and cash equivalents stood at RMB2,441.5 million (31 December 2018: RMB2,133.2 million). In 1HFY2019, net cash of RMB360.9 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 was RMB941.0 million.

Net cash used in the Group's investing activities of RMB280.7 million in 1HFY2019 was due mainly to net cash outflow from purchase of property, plant and equipments and intangibles assets.

Net cash generated from financing activities of RMB947.5 million in 1HFY2019 was due mainly to net proceeds from bank borrowings, which is partially offset by the interest paid, net repayment of finance leaseback arrangement, dividend paid to equity shareholders 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) has continued to make significant strides in its battle against pollution to protect the environment. In this regard, China's Ministries of Housing and Urban-Rural Development, Ecology and Environment, and the National Development and Reform Commission released a three-year plan to greatly diminish the direct discharge of domestic sewage as well as black and odorous water bodies, and to improve sewage collection and treatment facilities in urban villages, old towns, and urban-rural fringes. The plan is expected to support the nationwide demand of wastewater treatment technology and management to achieve its goals in the 13th Five-Year Plan.

In order to rapidly improve urban environmental infrastructure and coordinate waste disposal and management systems along the economic growth, "13th Five-Year Plan" projects an increase of municipal solid waste (MSW) treatment capacity as 509,700 tonnes/day and upgrades of existing waste management facilities. The portion of MSW incineration capacity among biosafe waste disposal capacity is expected to reach 50% by the end of 2020. Solid Waste Pollution Prevention and Control Act (Draft) has been passed during the conference of the State Council of China in this June. The act requests establishing the classification, collection, transmission and treatment systems of MSW, which will encourage a large diminish of waste from the source, efficient resources utilization and biosafe waste management. The above-mentioned policies and governmental promotions are favorable for the Group's ongoing planning in solid waste management and waste to energy (WTE) businesses.

The Government vetoes boosting the economic growth at the cost of environment and displays firm commitment to implementing environmental protection policies, which will present more investment opportunities for the Group in water treatment and waste management sectors. The Group will continue to upgrade the existing wastewater treatment facilities as it remains a key business focus for the Group in FY2019. Additionally, the Group will expand its WTE business through acquisition and green field.

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?

Name of Dividend:	Ordinary cash dividend
Dividend Type:	Interim
Dividend Rate:	S\$0.01/ HK\$0.0570776 per ordinary share
Tax Rate:	One-tier tax exempt

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

Not applicable.

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. **Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding financial period.**

Six months ended 30 June 2019

	Construction	Water and Sludge Treatment	Water supply	Waste Incineration	Total for Reportable Segments	Others Segment	Unallocated	Consolidated
All amount in RMB'000								
Revenue	-	2,337,869	389,327	89,211	2,816,407	105,372	-	2,921,779
Reportable segment profit (loss) from operations	-	626,950	68,670	17,767	713,387	29,907	(42,512)	700,782
Finance income	-	-	-	-	-	-	10,855	10,855
Finance expenses	-	-	-	-	-	-	(324,992)	(324,992)
Other non-operating income	-	62,950	23,745	2,520	89,215	-	-	89,215
Share of results of associates	-	(402)	-	-	(402)	(387)	-	(789)
Share of results of joint ventures	-	-	-	23,368	23,368	-	-	23,368
Income tax expense	-	(97,794)	(17,350)	(3,380)	(118,254)	(6,593)	(38)	(124,885)
Profit after tax								373,554
Segment depreciation and amortisation	905	91,926	56,053	4,320	153,204	194	5,653	159,051
Segment non-cash income	-	-	-	-	-	492	-	492
Segment non-cash expenses	-	-	241	-	241	(200)	-	41

14. **Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding financial period. – cont'd**

Six months ended 30 June 2018

	Construction	Water and Sludge Treatment	Water supply	Waste Incineration	Total for Reportable Segments	Others Segment	Unallocated	Consolidated
All amount in RMB'000								
Revenue	2,785	2,163,337	534,494	42,375	2,742,991	107,931	-	2,850,922
Reportable segment profit (loss) from operations	908	534,293	83,746	14,176	633,123	10,912	(56,133)	587,902
Finance income	-	-	-	-	-	-	5,518	5,518
Finance expenses	-	-	-	-	-	-	(263,830)	(263,830)
Other non-operating income	-	65,187	29,154	4,862	99,203	(1,127)	(1,001)	97,075
Share of results of associates	-	(1,011)	-	-	(1,011)	(393)	-	(1,404)
Share of results of joint ventures	-	-	-	28,439	28,439	-	-	28,439
Income tax expense	(212)	(86,643)	(23,043)	(845)	(110,743)	(2,328)	(39)	(113,110)
Profit after tax								340,590
Segment depreciation and amortisation	904	81,412	57,928	4,271	144,515	165	5,618	150,298
Segment non-cash income	-	30	21	-	51	-	-	51
Segment non-cash expenses	-	-	504	-	504	(300)	1,129	1,333

15. Status on the use of net proceeds raised from two 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.

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

We, Feng Jun and Xu Zhan, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the period ended 30 June 2019, to be false or misleading, in any material aspect.

17. 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

7 August 2019