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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 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 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. Feng Jun**  
*Executive Director*

Hong Kong, 2 May 2019

*As at the date of this announcement, the non-executive Chairman is Mr. Zhou Jun; the executive Directors are Mr. Feng Jun, 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 2019

2 May 2019

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

## First Quarter of Financial Year 2019 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 ("1QFY2019") ENDED 31 MARCH 2019

	Note	← Group →		Changes %
		3 Months Ended		
		31.3.19 RMB'000	31.3.18 RMB'000	
Revenue	8(A)	1,335,519	1,177,321	13.4
Cost of sales		(906,273)	(804,740)	12.6
<b>Gross profit</b>	8(B)	<b>429,246</b>	<b>372,581</b>	<b>15.2</b>
Other income	8(C)	73,972	68,206	8.5
Other gains and losses	8(D)	(295)	(1,018)	(71.0)
Selling and distribution costs	8(E)	(16,996)	(18,782)	(9.5)
Administrative expenses	8(F)	(89,493)	(109,969)	(18.6)
Finance expenses	8(G)	(156,105)	(129,941)	20.1
Share of results of joint ventures	8(H)	10,549	14,680	(28.1)
Share of results of associates	8(H)	(80)	(684)	(88.3)
<b>Profit before tax</b>	(i)	<b>250,798</b>	<b>195,073</b>	<b>28.6</b>
Income tax expense	(ii), 8(J)	(60,085)	(48,328)	24.3
<b>Profit for the period</b>		<b>190,713</b>	<b>146,745</b>	<b>30.0</b>
<b>Other comprehensive income:</b>				
<i>Items that will not be reclassified to profit or loss:</i>				
Exchange difference arising from translation		45,372	55,434	(18.2)
Fair value change on investments in equity instruments designated as at FVTOCI		(1,781)	-	N.M.
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising from translation of foreign operations		3,606	(10,337)	>100.0
<b>Total comprehensive income for the period</b>		<b>237,910</b>	<b>191,842</b>	<b>24.0</b>
<b>Profit for the period attributable to:</b>				
Owners of the Company		150,085	101,865	47.3
Non-controlling interests		40,628	44,880	(9.5)
		<b>190,713</b>	<b>146,745</b>	<b>30.0</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company		197,282	146,962	34.2
Non-controlling interests		40,628	44,880	(9.5)
		<b>237,910</b>	<b>191,842</b>	<b>24.0</b>

N.M. – Not Meaningful

**Notes:**

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

	<b>3 Months Ended</b>	
	<b>31.3.19</b>	<b>31.3.18</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Amortisation of intangible assets (Note 8(I))	68,300	67,389
Amortisation of land use rights	67	70
Depreciation of property, plant and equipment	9,079	6,438
Loss on disposal of property, plant and equipment	-	214
Foreign exchange loss, net	793	900
(Reversal of)/Loss allowance for trade receivables	(64)	365

1(a) (ii) Adjustment for overprovision of tax in respect of prior periods

	<b>3 Months Ended</b>	
	<b>31.3.19</b>	<b>31.3.18</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Overprovision of tax in respect of prior periods	(13)	(1,041)

**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 31.3.19	As At 31.12.18	As At 31.3.19	As At 31.12.18
		RMB'000	RMB'000	RMB'000	RMB'000
<b>Current assets</b>					
Cash and cash equivalents		1,483,249	2,133,225	19,493	37,910
Pledged bank deposits		107,437	119,354	-	-
Trade and other receivables		2,559,466	2,286,958	4,577	4,667
Bills receivables		2,661	1,964	-	-
Prepayments		63,352	45,781	373	76
Inventories		128,827	121,219	-	-
Receivables under service concession arrangements		387,710	361,619	-	-
Amounts due from customers for contract work		52,910	56,553	-	-
Amounts due from subsidiaries		-	-	925,116	848,107
Amounts due from joint venture		478	137	462	137
Amounts due from associates		43,250	43,250	-	-
Financial assets at fair value through profit or loss		4,986	3,067	-	-
Assets classified as held for sale		201,688	198,434	-	-
<b>Total current assets</b>	8(K)	<b>5,036,014</b>	<b>5,371,561</b>	<b>950,021</b>	<b>890,897</b>
<b>Non-current assets</b>					
Financial assets at fair value through other comprehensive income		41,521	44,017	14,796	15,080
Prepayments		76,073	67,464	-	-
Receivables under service concession arrangements		16,253,864	15,484,851	-	-
Property, plant and equipment		351,131	315,635	800	927
Intangible assets		6,667,714	6,702,690	-	-
Land use rights		6,122	6,189	-	-
Long term receivables		362,753	362,528	-	-
Deferred tax assets		74,839	67,045	-	-
Investment in subsidiaries		-	-	5,623,219	5,731,030
Interest in joint ventures		735,312	736,516	547,363	557,858
Interest in associates		80,848	80,927	-	-
Goodwill on consolidation		457,241	457,241	-	-
Amounts due from associates		23,064	22,081	-	-
<b>Total non-current assets</b>	8(L)	<b>25,130,482</b>	<b>24,347,184</b>	<b>6,186,178</b>	<b>6,304,895</b>
<b>Total assets</b>		<b>30,166,496</b>	<b>29,718,745</b>	<b>7,136,199</b>	<b>7,195,792</b>
<b>Current liabilities</b>					
Trade and other payables		3,150,259	3,253,304	36,108	40,296
Bills payable to banks		61,103	59,070	-	-
Tax payable		121,567	126,198	-	-
Amounts due to customers for contract work		3,224	5,098	-	-
Amounts due to subsidiaries		-	-	68,720	69,926
Bank and other borrowings		4,567,054	4,285,898	760,495	691,221
Finance lease		124,929	123,194	-	-
Liabilities directly associated with assets classified as held for sale		158,668	157,665	-	-
<b>Total current liabilities</b>	8(M)	<b>8,186,804</b>	<b>8,010,427</b>	<b>865,323</b>	<b>801,443</b>
<b>Non-current liabilities</b>					
Bank and other borrowings		8,334,239	8,235,639	-	-
Finance lease		409,420	463,707	-	-
Deferred tax liabilities		1,925,401	1,890,824	-	-
Other non-current liabilities		162,532	204,478	-	-
<b>Total non-current liabilities</b>	8(N)	<b>10,831,592</b>	<b>10,794,648</b>	<b>-</b>	<b>-</b>
<b>Capital, reserves and non-controlling interest</b>					
Share capital		5,951,793	5,951,793	5,951,793	5,951,793
Retained earnings		2,081,260	1,942,675	130,248	133,458
Other reserves		9,025	(49,672)	188,835	309,098
<b>Equity attributable to owners of the Company</b>		<b>8,042,078</b>	<b>7,844,796</b>	<b>6,270,876</b>	<b>6,394,349</b>
Non-controlling interests		3,106,022	3,068,874	-	-
<b>Total equity</b>		<b>11,148,100</b>	<b>10,913,670</b>	<b>6,270,876</b>	<b>6,394,349</b>
<b>Total liabilities and equity</b>		<b>30,166,496</b>	<b>29,718,745</b>	<b>7,136,199</b>	<b>7,195,792</b>

**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 31.3.19 RMB'000		As at 31.12.18 RMB'000	
Secured/ Guaranteed	Unsecured/ Unguaranteed	Secured/ Guaranteed	Unsecured/ Unguaranteed
2,705,479	2,047,607	2,712,387	1,755,775

**Amount repayable after one year**

As at 31.3.19 RMB'000		As at 31.12.18 RMB'000	
Secured/ Guaranteed	Unsecured/ Unguaranteed	Secured/ Guaranteed	Unsecured/ Unguaranteed
7,244,614	1,499,045	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.**

	<b>Group</b>	
	<b>For 3 Months Ended</b>	
	<b>31.3.19</b>	<b>31.3.18</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>250,798</b>	<b>195,073</b>
Adjustments for:		
(Reversal of)/Loss allowance for trade receivables, net	(64)	365
Depreciation of property, plant and equipment	9,079	6,438
Amortisation of intangible assets	68,300	67,389
Amortisation of land use rights	67	70
Loss on disposal of property, plant and equipment	-	214
Finance income	(5,299)	(2,980)
Finance expenses	156,105	129,941
Share of results of associates	80	684
Share of results of joint ventures	(10,549)	(14,680)
Foreign exchange loss	5	2,697
Fair value (gain)/loss on financial assets at fair value through profit or loss	(498)	118
<b>Operating cash flow before working capital changes</b>	<b>468,024</b>	<b>385,329</b>
(Increase)/decrease in:		
Inventories	(6,341)	(6,338)
Amounts due from/to customers for contract work, net	416	(15,097)
Trade receivables, other receivables and prepayments	(310,001)	(339,810)
Bills receivables	(697)	3,768
Amounts due from joint venture	197	306
Amounts due from associates	(5,337)	1,417
Increase/(decrease) in:		
Trade payables and other payables (inclusive of non-current liabilities)	(135,055)	39,045
Bills payable to banks	5,022	(14,356)
<b>Cash from operating activities before service concession arrangement projects</b>	<b>16,228</b>	<b>54,264</b>
Change in receivables under service concession arrangements (Note A)	(788,013)	(356,212)
<b>Cash used in operating activities after service concession arrangement projects</b>	<b>(771,785)</b>	<b>(301,948)</b>
Interest received	2,469	466
Income tax paid	(37,790)	(26,178)
<b>Net cash used in operating activities</b>	<b>(807,106)</b>	<b>(327,660)</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(38,845)	(11,785)
Purchase of intangible assets and land use rights	(51,668)	(50,117)
Decrease/(Increase) in prepayment for property, plant and equipment and intangible assets	3,990	(4,547)
Net cash outflow on acquisition of subsidiaries	-	(152,359)
<b>Net cash used in investing activities</b>	<b>(86,523)</b>	<b>(218,808)</b>



**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**

	<b>Group</b>	
	<b>For 3 Months Ended</b>	
	<b>31.3.19</b>	<b>31.3.18</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Cash flows from financing activities:</b>		
Proceeds from bank and other borrowings	559,016	859,850
Repayment of bank and other borrowings	(120,560)	(509,833)
Proceeds from finance leaseback arrangement	-	131,420
Repayment under finance leaseback arrangement	(52,551)	(37,076)
Interest paid	(150,310)	(115,886)
Contribution from non-controlling interests upon additional capital injection of a subsidiary	-	15,260
Dividend paid to non-controlling interest in subsidiaries	(3,480)	(16,320)
Decrease in deposits pledged to banks	9,140	37,006
<b>Net cash from financing activities</b>	<b>241,255</b>	<b>364,421</b>
Net decrease in cash and cash equivalents	(652,374)	(182,047)
Cash and cash equivalents at beginning of period	2,133,225	1,402,104
Effects of exchange rate changes on the balance of cash held in foreign currencies	2,398	3,242
<b>Cash and cash equivalents at end of period</b>	<b>1,483,249</b>	<b>1,223,299</b>

<b>Cash and cash equivalents at end of period</b>		
Cash and bank balances	1,590,686	1,316,930
Less: Pledged bank deposits	(107,437)	(93,631)
Cash and cash equivalents	<b>1,483,249</b>	<b>1,223,299</b>

**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 1QFY2019.

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
<b>Balance at 1.1.19</b>	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)	
<b>Balance at 31.3.19</b>	<b>5,951,793</b>	<b>-</b>	<b>2,081,260</b>	<b>9,025</b>	<b>307,662</b>	<b>(9,050)</b>	<b>(73,782)</b>	<b>(15,490)</b>	<b>(200,315)</b>	<b>8,042,078</b>	<b>3,106,022</b>	<b>11,148,100</b>	

**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
<b>Balance at 1.1.18</b>	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)	
<b>Balance at 31.3.18</b>	<b>5,951,793</b>	<b>-</b>	<b>1,689,379</b>	<b>18,687</b>	<b>241,859</b>	<b>-</b>	<b>(2,603)</b>	<b>(20,254)</b>	<b>(200,315)</b>	<b>7,659,859</b>	<b>2,850,494</b>	<b>10,510,353</b>	

**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
<b>Balance at 1.1.19</b>	<b>5,951,793</b>	-	<b>133,458</b>	<b>309,098</b>	<b>6,394,349</b>
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)
<b>Balance at 31.3.19</b>	<b>5,951,793</b>	-	<b>130,248</b>	<b>188,835</b>	<b>6,270,876</b>
<b>Balance at 1.1.18</b>	<b>5,951,889</b>	<b>(96)</b>	<b>(62,101)</b>	<b>62,283</b>	<b>5,951,975</b>
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	-	-	-
<b>Balance at 31.3.18</b>	<b>5,951,793</b>	-	<b>(107,396)</b>	<b>(8,887)</b>	<b>5,835,510</b>

\* 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 31 March 2019	2,606,588,726	5,951,793

As at 31 March 2019, the number of ordinary shares in issue was 2,606,588,726 (31 March 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 31 March 2019, there were no convertible securities outstanding (31 March 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 31 March 2019, there were no treasury shares held (31 December 2018: Nil). Total number of issued shares as at 31 March 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 31 March 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	
	31.3.19	31.3.18
	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	3.91
- Weighted average number of shares ('000)	2,606,589	2,606,589
(ii) On a fully diluted basis of ordinary shares (RMB cents)	5.76	3.91
- Weighted average number of shares ('000)	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.**

	<b>Group</b>	<b>Company</b>
	<b>RMB cents</b>	<b>RMB cents</b>
As at 31 March 2019	308.53	240.58
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 31 March 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 RMB1,177.3 million in 1QFY2018 to RMB1,335.5 million in 1QFY2019, representing an increase of 13.4%. Gross profit ("GP") increased from RMB372.6 million in 1QFY2018 to RMB429.2 million in 1QFY2019.

Meanwhile, the Group's profit after tax (attributable to owners of the Company) increased from RMB101.9 million in 1QFY2018 to RMB150.1 million in 1QFY2019, representing an increase of 47.3%.

The increase was mainly due 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.

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

### (A) Revenue

	1QFY2019	1QFY2018	Change
	RMB '000	RMB '000	%
Construction	509,008	499,645	1.9
Operating and maintenance income from service concession arrangements	478,954	411,778	16.3
Financial income from service concession arrangements	232,209	199,446	16.4
Service income	39,538	29,952	32.0
Others	75,810	36,500	>100.0
<b>Total</b>	<b>1,335,519</b>	<b>1,177,321</b>	<b>13.4</b>

Overall, the Group's revenue increased by RMB158.2 million or 13.4%, from RMB1,177.3 million in 1QFY2018 to RMB1,335.5 million in 1QFY2019. Revenue across all categories increased in 1QFY2019 as compared to 1QFY2018.

#### Construction Revenue

Construction revenue amounted to RMB509.0 million in 1QFY2019 (1QFY2018: RMB499.6 million). The higher revenue was mainly due to relatively higher amount of construction activities in progress in 1QFY2019 as compared to 1QFY2018.

#### 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 RMB711.2 million in 1QFY2019 (1QFY2018: RMB611.2 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 RMB39.5 million in 1QFY2019 (1QFY2018: RMB30.0 million). The higher revenue was due mainly to higher water treatment volume from operations and maintenance projects in 1Q2019 as compared to 1Q2018.

#### Other Revenue

Other revenue amounted to RMB75.8 million 1QFY2019 (1QFY2018: RMB36.5 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 RMB56.6 million or 15.2% from RMB372.6 million in 1QFY2018 to RMB429.2 million in 1QFY2019. The increase was 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 0.5% from 31.6% in 1QFY2018 to 32.1% in 1QFY2019. There is no material variance for GPM between 1QFY2019 and 1QFY2018.



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

### **(C) Other income**

Other income increased from RMB68.2 million in 1QFY2018 to RMB74.0 million in 1QFY2019. Other income consisted mainly of government subsidies which amounted to RMB54.6 million in 1QFY2019 (1QFY2018:RMB 54.8 million) There is no material variance in other income and government subsidies in 1QFY2019 as compared to 1QFY2018.

### **(D) Other gains and losses**

Other gains and losses decreased from a loss of RMB1.0 million in 1QFY2018 to a loss of RMB0.3 million in 1QFY2019. 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 RMB18.8 million in 1QFY2018 to RMB17.0 million in 1QFY2019. There is no material variance in selling and distribution costs in 1QFY2019 as compared to 1QFY2018.

### **(F) Administrative Expenses**

Administrative expenses decreased from RMB110.0 million in 1QFY2018 to RMB89.5 million in 1QFY2019. The decrease in administrative expenses was due mainly to the one-off listing expenses incurred in 1QFY2018.

### **(G) Finance Expenses**

Finance expenses amounted to RMB156.1 million in 1QFY2019 (1QFY2018: RMB130.0 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 1QFY2019 as compared to 1QFY2018 was due mainly to lower contribution from joint ventures.

### **(I) Amortisation of Intangible Assets**

Amortisation of intangible assets increased from RMB67.4 million in 1QFY2018 to RMB68.3 million in 1QFY2019. There is no material variance for amortisation of intangible asset in 1QFY2019 as compared to 1QFY2018.

### **(J) Income Tax Expenses**

Income tax expenses increased from RMB48.3 million in 1QFY2018 to RMB60.1 million in 1QFY2019. The higher income tax expense was due mainly to higher profit generated in 1QFY2019 as compared to 1QFY2018.

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

Current assets as at 31 March 2019 amounted to RMB5.04 billion (31 December 2018: RMB5.37 billion). The decrease was mainly due to net cash outflows during Q12019 (for details, please refer to analysis on “Statement of cash flows” below).

**(L) Non-current Assets**

Non-current assets as at 31 March 2019 amounted to RMB25.13 billion (31 December 2018: RMB24.35 billion). The increase was due mainly to construction of certain wastewater treatment projects during 1QFY2019.

**(M) Current Liabilities**

Current liabilities as at 31 March 2019 amounted to RMB8.19 billion (31 December 2018: RMB8.01 billion). The increase was due mainly to the new borrowings and finance lease taken up which are due for repayment within one year.

**(N) Non-current Liabilities**

Non-current liabilities as at 31 March 2019 amounted to RMB10.83 billion (31 December 2018: RMB10.79 billion). There was no material variance for the Group's non-current liabilities as at 31 March 2019 as compared to 31 December 2018.

**STATEMENT OF CASH FLOWS**

As at 31 March 2019, the Group's cash and cash equivalents stood at RMB1,483.2 million (31 December 2018: RMB2,133.2 million). In 1QFY2019, net cash of RMB807.1 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 from operating activities were RMB16.2 million.

Net cash used in the Group's investing activities of RMB86.5 million in 1QFY2019 was due mainly to net cash outflow from purchase of property, plant and equipments and intangibles assets.

Net cash generated from financing activities of RMB241.3 million in 1QFY2019 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.**

Environmental protection and tackling water pollution remain key priorities of the People's Republic of China (PRC) government. In view of the newly-updated "Water Pollution Prevention Law", China continues to implement strict measures for higher standard water treatment across the country, and to adopt a no-tolerance approach for rule breaks in the fight against environmental pollution – which in turn supports demand for wastewater treatment technology and management nationwide. To this end, the PRC government expects to achieve good quality surface water in 70% of China's waterways by 2020; a wastewater treatment rate of 95% in cities and approximately 85% in towns by end-2020.

In keeping with the "Beautiful China" policy, China's cabinet in March 2019 released a work plan for a zero-waste city pilot project with the aim of building "waste-less cities" that promote urban solid waste management – 10 cities will be selected for this pilot programme that will boast a comprehensive waste management system by 2020. This pilot represents future opportunities for the recycling, sewage, sludge and solid waste treatment industries, which the Group is potentially a beneficiary of.

More stringent environmental mandates are expected to drive help demand from the industrial sectors pushing for new investments or upgrades to local wastewater treatment facilities. In the urban areas, local governments continue to work towards higher targets for a more efficient use of their wastewater, and for cities that already have higher wastewater treatment coverage, much investment is still needed to upgrade older piping and treatment systems. Under the 13<sup>th</sup> Five-Year Plan, investments in the construction of urban wastewater treatment and recycling facilities is projected to reach RMB565 billion. Upgrading of existing wastewater treatment infrastructure remains a key business focus of the Group in FY2019.

**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 fully utilized.

**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 2019, 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**

**Feng Jun**  
**Executive Director**  
2 May 2019