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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 Third Quarter and Nine Months ended 30 September 2018

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

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

By Order of the Board
**SIIC Environment Holdings Ltd.**
**Mr. Feng Jun**
*Executive Director*

Hong Kong, 14 November 2018

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

* *For identification purpose only*

# SIIC ENVIRONMENT HOLDINGS LTD.

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

Unaudited Financial Statements and Dividend Announcement for the Third Quarter and Nine Months ended 30 September 2018

14 November 2018

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

## Third Quarter and Nine Months of Financial Year 2018 Financial Statements And Dividend Announcement

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

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

**UNAUDITED RESULTS FOR THE THIRD QUARTER ("3QFY2018") AND NINE MONTHS ("9MFY2018) ENDED 30 SEPTEMBER 2018**

| | | Group | | | | | |
|---|---|---|---|---|---|---|---|
| | | **3 Months Ended** | | **Changes** | **9 Months Ended** | | **Changes** |
| | **Note** | **30.9.18** | **30.9.17** | | **30.9.18** | **30.9.17** | |
| | | **RMB'000** | **RMB'000** | **%** | **RMB'000** | **RMB'000** | **%** |
| Revenue | 8(A) | 1,073,940 | 1,358,562 | (21.0) | 3,924,862 | 3,353,616 | 17.0 |
| Cost of sales | | (698,028) | (1,010,625) | (30.9) | (2,744,676) | (2,297,980) | 19.4 |
| **Gross profit** | 8(B) | **375,912** | **347,937** | 8.0 | **1,180,186** | **1,055,636** | 11.8 |
| Other income | | 45,988 | 49,261 | (6.6) | 176,531 | 173,650 | 1.7 |
| Other gains and losses | 8(C) | 5,850 | 6,429 | (9.0) | 6,607 | 9,625 | (31.4) |
| Selling and distribution costs | 8(D) | (17,985) | (16,990) | 5.9 | (54,355) | (49,334) | 10.2 |
| Administrative expenses | 8(E) | (86,358) | (68,038) | 26.9 | (295,067) | (210,323) | 40.3 |
| Finance expenses | 8(F) | (157,158) | (129,345) | 21.5 | (420,988) | (384,938) | 9.4 |
| Share of results of joint ventures | 8(G) | 12,870 | 11,222 | 14.7 | 41,309 | 37,052 | 11.5 |
| Share of results of associates | 8(G) | (691) | (776) | (11.0) | (2,095) | (2,758) | (24.0) |
| **Profit before tax** | (i) | **178,428** | **199,700** | (10.7) | **632,128** | **628,610** | 0.6 |
| Income tax expense | (ii) | (45,990) | (53,545) | (14.1) | (159,100) | (171,976) | (7.5) |
| **Profit for the period** | | **132,438** | **146,155** | (9.4) | **473,028** | **456,634** | 3.6 |
| **Other comprehensive (loss)/ income:** | | | | | | | |
| *Items that will not be reclassified to profit or loss:* | | | | | | | |
| Exchange difference arising from translation | | (33,286) | 16,875 | N.M. | (57,618) | 79,129 | N.M. |
| *Items that may be reclassified subsequently to profit or loss:* | | | | | | | |
| Exchange differences arising from translation of foreign operations | | (13,733) | - | N.M. | (6,805) | - | N.M. |
| Fair value change on available-for-sale financial instruments | | - | (9,616) | (100.0) | - | 5,746 | (100.0) |
| **Total comprehensive income for the period** | | **85,419** | **153,414** | (44.3) | **408,605** | **541,509** | (24.5) |
| **Profit for the period attributable to:** | | | | | | | |
| Owners of the Company | | 114,254 | 110,214 | 3.7 | 369,854 | 350,240 | 5.6 |
| Non-controlling interests | | 18,184 | 35,941 | (49.4) | 103,174 | 106,394 | (3.0) |
| | | **132,438** | **146,155** | (9.4) | **473,028** | **456,634** | 3.6 |
| **Total comprehensive income attributable to:** | | | | | | | |
| Owners of the Company | | 67,235 | 117,473 | (42.8) | 305,431 | 435,115 | (29.8) |
| Non-controlling interests | | 18,184 | 35,941 | (49.4) | 103,174 | 106,394 | (3.0) |
| | | **85,419** | **153,414** | (44.3) | **408,605** | **541,509** | (24.5) |

**N.M. – Not Meaningful**

**Notes:**

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

| | 3 Months Ended | | 9 Months Ended | |
|---|---|---|---|---|
| | **30.9.18** | **30.9.17** | **30.9.18** | **30.9.17** |
| | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** |
| Amortisation of intangible assets (Note H) | 66,635 | 66,013 | 202,319 | 195,401 |
| Amortisation of land use rights | 67 | 13 | 203 | 147 |
| Depreciation of property, plant and equipment | 8,278 | 5,279 | 22,756 | 16,115 |
| (Gain)/Loss on disposal of property, plant and equipment | (70) | 25 | 1,190 | 59 |
| Foreign exchange gain, net (Note C) | (5,586) | (5,502) | (7,172) | (3,733) |
| Allowance for /(reversal of) doubtful receivables (trade) | 4,703 | (7,592) | 5,207 | (13,205) |
| Reversal of doubtful receivables (non-trade) | - | (20) | (51) | (20) |
| Fair value (gain)/loss from held-for-trading investment | (264) | (926) | 565 | (5,892) |

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

| | 3 Months Ended | | 9 Months Ended | |
|---|---|---|---|---|
| | **30.9.18** | **30.9.17** | **30.9.18** | **30.9.17** |
| | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** |
| Over provision of tax in respect of prior periods | (3,608) | (2,560) | (3,719) | (1,024) |

**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 30.9.18 | As At 31.12.17 | As At 30.9.18 | As At 31.12.17 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Current assets** | | | | | |
| Cash and cash equivalents | | 1,627,256 | 1,402,104 | 74,874 | 243,860 |
| Pledged bank deposits | | 157,720 | 130,637 | - | - |
| Trade and other receivables | | 2,079,852 | 1,832,883 | 709 | 642 |
| Bills receivables | | 1,271 | 7,760 | - | - |
| Prepayments | | 68,656 | 38,729 | 1,290 | 1,573 |
| Inventories | | 116,334 | 96,066 | - | - |
| Receivables under service concession arrangements | | 311,024 | 260,888 | - | - |
| Amounts due from customers for contract work | | 67,972 | 37,796 | - | - |
| Amounts due from subsidiaries | | - | - | 704,150 | 120,753 |
| Amounts due from joint venture | | 320 | 137 | 137 | 137 |
| Amounts due from associate | | 51,052 | 40,766 | - | - |
| Financial assets | | 26,885 | 34,750 | - | - |
| **Total current assets** | 8(I) | **4,508,342** | **3,882,516** | **781,160** | **366,965** |
| | | | | | |
| **Non-current assets** | | | | | |
| Financial assets | | 28,508 | 26,803 | 15,028 | 13,323 |
| Prepayments | | 289,565 | 390,364 | - | - |
| Receivables under service concession arrangements | | 14,990,789 | 12,991,865 | - | - |
| Property, plant and equipment | | 285,647 | 206,032 | 1,037 | 1,298 |
| Intangible assets | | 6,520,034 | 6,466,660 | - | - |
| Land use rights | | 6,256 | 6,459 | - | - |
| Long term receivables | | 451,679 | 361,423 | - | - |
| Deferred tax assets | | 66,194 | 48,009 | - | - |
| Investment in subsidiaries | | - | - | 5,645,748 | 5,378,078 |
| Interest in joint ventures | | 743,850 | 713,523 | 555,950 | 536,475 |
| Interest in associates | | 79,838 | 83,858 | - | - |
| Goodwill on consolidation | | 457,241 | 457,241 | - | - |
| Amounts due from associate | | 14,543 | 14,543 | - | - |
| **Total non-current assets** | 8(J) | **23,934,144** | **21,766,780** | **6,217,763** | **5,929,174** |
| | | | | | |
| **Total assets** | | **28,442,486** | **25,649,296** | **6,998,923** | **6,296,139** |
| | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | | 2,810,805 | 2,376,262 | 31,179 | 34,069 |
| Bills payable to banks | | 68,842 | 49,235 | - | - |
| Tax payable | | 84,033 | 69,662 | - | - |
| Amounts due to customers for contract work | | 24,458 | 16,720 | - | - |
| Amounts due to subsidiaries | | - | - | 44,508 | 67,494 |
| Bank and other borrowings | | 4,662,931 | 3,660,906 | 690,366 | 242,601 |
| Finance lease | | 118,067 | 71,746 | - | - |
| **Total current liabilities** | 8(K) | **7,769,136** | **6,244,531** | **766,053** | **344,164** |
| | | | | | |
| **Non-current liabilities** | | | | | |
| Bank and other borrowings | | 7,572,211 | 6,950,833 | - | - |
| Finance lease | | 446,141 | 359,700 | - | - |
| Deferred tax liabilities | | 1,861,509 | 1,739,910 | - | - |
| Other non-current liabilities | | 126,101 | 110,731 | - | - |
| **Total non-current liabilities** | 8(L) | **10,005,962** | **9,161,174** | **-** | **-** |
| | | | | | |
| **Capital, reserves and non-controlling interest** | | | | | |
| Share capital | 1(d)(ii) | 5,951,793 | 5,951,889 | 5,951,793 | 5,951,889 |
| Treasury shares | | - | (96) | - | (96) |
| Retained earnings | | 1,826,786 | 1,591,879 | 402 | (62,101) |
| Other reserves | | (86,260) | (30,775) | 280,675 | 62,283 |
| **Equity attributable to owners of the Company** | | **7,692,319** | **7,512,897** | **6,232,870** | **5,951,975** |
| Non-controlling interests | | 2,975,069 | 2,730,694 | - | - |
| **Total equity** | | **10,667,388** | **10,243,591** | **6,232,870** | **5,951,975** |
| | | | | | |
| **Total liabilities and equity** | | **28,442,486** | **25,649,296** | **6,998,923** | **6,296,139** |

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

**Amount repayable in one year or less, or on demand**

| **As at 30.9.18 RMB'000** | | **As at 31.12.17 RMB'000** | |
|---|---|---|---|
| Secured/ Guaranteed | Unsecured/ Unguaranteed | Secured/ Guaranteed | Unsecured/ Unguaranteed |
| 2,513,832 | 2,336,008 | 2,366,439 | 1,415,448 |

**Amount repayable after one year**

| **As at 30.9.18 RMB'000** | | **As at 31.12.17 RMB'000** | |
|---|---|---|---|
| Secured/ Guaranteed | Unsecured/ Unguaranteed | Secured/ Guaranteed | Unsecured/ Unguaranteed |
| 7,041,119 | 977,233 | 6,294,910 | 1,015,623 |

**Details of any collateral**

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

Bills payable to banks are secured by certain bank deposits placed with the respective issuing banks. The bank and other borrowings are secured/ guaranteed on concessionary arrangements, trade receivables (relating to concessionary arrangements) collection rights, guarantees by subsidiaries, guarantees by third party company and/or secured by a corporate guarantee by SIIC Environment Holdings Ltd.. The finance leases are secured by pledges on certain service concession agreements, investment in a subsidiary and intangible assets.

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

| | Group | | Group | |
|---|---|---|---|---|
| | For 3 Months Ended | | For 9 Months Ended | |
| | 30.9.18 | 30.9.17 | 30.9.18 | 30.9.17 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Cash flows from operating activities** | | | | |
| **Profit before tax** | **178,428** | **199,700** | **632,128** | **628,610** |
| Adjustments for: | | | | |
| Allowance for/(Reversal of) doubtful receivables, net (trade) | 4,703 | (7,592) | 5,207 | (13,205) |
| Reversal of doubtful receivables, net (non-trade) | - | (20) | (51) | (20) |
| Depreciation of property, plant and equipment | 8,278 | 5,279 | 22,756 | 16,115 |
| Amortisation of intangible assets | 66,635 | 66,013 | 202,319 | 195,401 |
| Amortisation of land use rights | 67 | 13 | 203 | 147 |
| (Gain)/Loss on disposal of property, plant and equipment | (70) | 25 | 1,190 | 59 |
| Gain on disposal of intangible assets | (2) | - | (2) | - |
| Finance income | (1,946) | (3,537) | (7,464) | (12,078) |
| Finance expenses | 157,158 | 129,345 | 420,988 | 384,938 |
| Share of results of associates | 691 | 776 | 2,095 | 2,758 |
| Share of results of joint ventures | (12,870) | (11,222) | (41,309) | (37,052) |
| Foreign exchange loss/(gain) | 494 | 1,307 | 249 | (3,748) |
| Fair value (gain)/loss from held for trading investment | (264) | (926) | 565 | (5,892) |
| **Operating cash flow before working capital changes** | **401,302** | **379,161** | **1,238,874** | **1,156,033** |
| (Increase)/decrease in: | | | | |
| Inventories | (4,452) | 417 | (18,486) | (8,067) |
| Amounts due from/to customers for contract work, net | (10,917) | (31,176) | (22,830) | (69,664) |
| Trade receivables, other receivables and prepayments | (43,451) | (108,627) | (313,786) | (597,550) |
| Bills receivables | 1,069 | 2,750 | 6,489 | (70) |
| Amounts due from joint ventures | 630 | 305 | 1,241 | 916 |
| Amounts due from associate | (1,148) | (103,994) | 1,404 | (122,628) |
| Increase/(decrease) in: | | | | |
| Trade payables and other payables(inclusive of non-current liabilities) | 153,486 | 239,635 | 493,701 | 138,332 |
| Bills payable to banks | 9,018 | 5,401 | (6,923) | 8,977 |
| **Cash from operating activities before service concession arrangement projects** | **505,537** | **383,872** | **1,379,684** | **506,279** |
| Change in receivables under service concession arrangements (Note A) | (623,574) | (676,324) | (1,852,706) | (1,341,731) |
| **Cash used in operating activities after service concession arrangement projects** | **(118,037)** | **(292,452)** | **(473,022)** | **(835,452)** |
| Interest received | 1,754 | 3,440 | 4,578 | 10,948 |
| Income tax paid | (21,212) | (17,201) | (86,657) | (86,135) |
| **Net cash used in operating activities** | **(137,495)** | **(306,213)** | **(555,101)** | **(910,639)** |
| **Cash flows from investing activities:** | | | | |
| Purchase of property, plant and equipment | (13,201) | (17,013) | (29,283) | (24,997) |
| Purchase of intangible assets, net of amount on credit terms | (80,017) | (11,554) | (193,174) | (68,144) |
| Increase in prepayment for property, plant and equipment and intangible assets | (6,695) | 2,802 | (16,423) | (4,091) |
| Proceeds from disposal of property, plant and equipment | 126 | 623 | 177 | 717 |
| Proceeds from disposal of intangible assets | 2 | - | 2 | - |
| Net cash outflow on acquisition of subsidiaries (Note B) | - | (32,123) | (157,269) | (212,993) |
| Net cash outflow on disposal of subsidiaries | (2,500) | - | (2,500) | - |
| Net cash inflow on disposal of associates | 1,250 | - | 1,250 | - |
| Prepayment for investment in a subsidiary | - | (3,500) | - | (3,500) |
| Dividend received from associates | - | - | - | 3,224 |
| Dividend received from joint ventures | 31,006 | 28,708 | 31,006 | 28,708 |
| **Net cash used in investing activities** | **(70,029)** | **(32,057)** | **(366,214)** | **(281,076)** |

**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 9 Months Ended | |
| | 30.9.18 | 30.9.17 | 30.9.18 | 30.9.17 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Cash flows from financing activities:** | | | | |
| Proceeds from bank and other borrowings | 1,366,092 | 741,945 | 2,981,376 | 2,687,927 |
| Repayment of bank and other borrowings | (664,480) | (585,508) | (1,494,221) | (2,244,509) |
| Proceeds from finance leaseback arrangement | 203,580 | - | 335,000 | 120,000 |
| Repayment under finance leaseback arrangements | (34,383) | (11,334) | (202,239) | (109,064) |
| Interest paid | (133,557) | (165,387) | (388,866) | (314,778) |
| Dividend paid to equity shareholders | (130,773) | - | (130,773) | (110,990) |
| Dividend paid to non-controlling interest in subsidiaries | (973) | (3,065) | (17,293) | (10,365) |
| Contribution from non-controlling interests upon additional capital injection of subsidiaries | 149,200 | 1,500 | 164,460 | 19,365 |
| Acquisition of non-controlling interests in subsidiaries | (74,682) | - | (74,682) | - |
| Proceeds from share placement | - | - | - | 1,090,751 |
| Decrease/(Increase) in deposits pledged to banks | 6,452 | (8,050) | (27,083) | 88,442 |
| **Net cash generated from/(used in) financing activities** | **686,476** | **(29,899)** | **1,145,679** | **1,216,779** |
| Net increase/(decrease) in cash and cash equivalents | 478,952 | (368,169) | 224,364 | 25,064 |
| Cash and cash equivalents at beginning of period | 1,151,430 | 2,013,731 | 1,402,104 | 1,634,556 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | (3,126) | (12,115) | 788 | (26,173) |
| **Cash and cash equivalents at end of period** | **1,627,256** | **1,633,447** | **1,627,256** | **1,633,447** |

| | | | | |
|---|---|---|---|---|
| **Cash and cash equivalents at end of period** | | | | |
| Cash and bank balances | 1,784,976 | 1,741,529 | 1,784,976 | 1,741,529 |
| Less: Pledged bank deposits | (157,720) | (108,082) | (157,720) | (108,082) |
| Cash and cash equivalents | **1,627,256** | **1,633,447** | **1,627,256** | **1,633,447** |

**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 9MFY2018 and 3QFY2018 respectively.

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

**Note B**

**(i) Acquisition of Dalian Ziguang Water Treatment Co., Ltd ("Dalian Ziguang") and Dalian Ziguang Lingshui Waste Water Treatment Co., Ltd. ("Ziguang Lingshui")**

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

In February 2018, the Group through SIIC Weifang and its 100% owned subsidiary, Hong Kong Jinhaide Holdings Limited, completed the acquisition of 100% equity interest in Ziguang Lingshui for a total cash consideration of RMB101,910,000.

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

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

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

The purchase price allocation ("PPA") exercise in respect of the above acquisitions has not been completed as at 30 September 2018. The Group has 12 months from date of acquisition to finalise the fair value measurement and accounting as allowed under SFRS(I) 3 Business Combinations. For 3QFY2018, the Group has determined that the purchase consideration for the above acquisitions approximates the provisional fair value of the net identifiable asset acquired. Accordingly, no provisional goodwill or negative goodwill arising from this acquisition was recognised.

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

**Note B (cont'd)**

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

| | Dalian Ziguang RMB'000 | Ziguang Lingshui RMB'000 | Fangzi Water RMB'000 | Total RMB'000 |
|---|---|---|---|---|
| Provisional fair value of assets acquired and liabilities recognised at the respective date of acquisition* | | | | |
| Current assets | 31,432 | 13,405 | 16,848 | 61,685 |
| Non-current assets | 167,875 | 200,131 | 82,892 | 450,898 |
| Current liabilities | (49,028) | (52,969) | (23,760) | (125,757) |
| Non-current liabilities | (41,799) | (58,657) | - | (100,456) |
| Total identifiable net assets at fair value | 108,480 | 101,910 | 75,980 | 286,370 |
| Non-controlling interest measures at fair value | - | - | (75,980) | (75,980) |
| | **108,480** | **101,910** | **-** | **210,390** |
| Consideration transferred | | | | |
| Cash paid | 69,100 | 91,350 | - | 160,450 |
| Cash prepaid in previous financial year | 39,380 | 10,560 | - | 49,940 |
| Less: Net assets acquired | (108,480) | (101,910) | - | (210,390) |
| Goodwill | **-** | **-** | **-** | **-** |
| Net cash inflow arising from acquisitions | | | | |
| Cash consideration paid | 69,100 | 91,350 | - | 160,450 |
| Less: Cash and cash equivalents acquired | (932) | (1,157) | (1,092) | (3,181) |
| Net cash inflow on acquisitions | **68,168** | **90,193** | **(1,092)** | **157,269** |

* The fair value of assets acquired and liabilities recognised presented may be subjected to changes upon the completion and finalisation of the PPA exercise.

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

| GROUP | Attributable to owners of the Company | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Treasury shares | Retained earnings | Other reserves, total | General Reserve | Investment revaluation reserve | Translation reserve | Effects of changes in ownership interest in subsidiaries where there is no change in control | Merger reserve | Equity attributable to owners of the Company | Non-controlling interests | Total equity |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Balance at 1.1.18** | **5,951,889** | **(96)** | **1,591,879** | **(30,775)** | **237,494** | **-** | **(47,700)** | **(20,254)** | **(200,315)** | **7,512,897** | **2,730,694** | **10,243,591** |
| Profit for the period | **-** | **-** | 101,865 | **-** | **-** | - | - | **-** | **-** | **101,865** | 44,880 | **146,745** |
| Other comprehensive income | | | | | | | | | | | | |
| Exchange differences arising on translation | **-** | **-** | - | **55,434** | **-** | **-** | 55,434 | **-** | **-** | **55,434** | **-** | **55,434** |
| Exchange differences arising on translation of foreign operations | **-** | **-** | - | **(10,337)** | **-** | **-** | (10,337) | - | **-** | **(10,337)** | **-** | **(10,337)** |
| Other comprehensive income for the period, net of tax | **-** | **-** | **-** | **45,097** | **-** | **-** | **45,097** | **-** | **-** | **45,097** | **-** | **45,097** |
| Total comprehensive income for the period | **-** | **-** | **101,865** | **45,097** | **-** | **-** | **45,097** | **-** | **-** | **146,962** | **44,880** | **191,842** |
| Transactions with owners recognised directly in equity | | | | | | | | | | | | |
| Transfer to general reserve | - | - | (4,365) | **4,365** | 4,365 | - | - | - | - | **-** | - | **-** |
| Acquisition of subsidiaries | - | - | - | **-** | - | - | - | - | - | **-** | 75,980 | **75,980** |
| Non-controlling interest upon proportional capital injection in a subsidiary | - | - | - | **-** | - | - | - | - | - | **-** | 15,260 | **15,260** |
| Cancellation of treasury shares | (96) | 96 | - | **-** | - | - | - | - | - | **-** | - | **-** |
| Total | **(96)** | **96** | **(4,365)** | **4,365** | **4,365** | **-** | **-** | **-** | **-** | **-** | **91,240** | **91,240** |
| Others | | | | | | | | | | | | |
| Dividend declared to non-controlling interests | - | - | - | **-** | - | - | - | - | - | **-** | (16,320) | **(16,320)** |
| Total | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(16,320)** | **(16,320)** |
| **Balance at 31.3.18** | **5,951,793** | **-** | **1,689,379** | **18,687** | **241,859** | **-** | **(2,603)** | **(20,254)** | **(200,315)** | **7,659,859** | **2,850,494** | **10,510,353** |
| Profit for the period | **-** | **-** | 153,735 | **-** | **-** | - | - | **-** | **-** | **153,735** | 40,110 | **193,845** |
| Other comprehensive loss | | | | | | | | | | | | |
| 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**

| 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 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** |
| Profit for the period | **-** | **-** | 114,254 | **-** | **-** | - | - | **-** | **-** | **114,254** | 18,184 | **132,438** |
| Other comprehensive loss | | | | | | | | | | | | |
| Exchange differences arising on translation | **-** | **-** | - | **(33,286)** | **-** | **-** | (33,286) | **-** | **-** | **(33,286)** | **-** | **(33,286)** |
| Exchange differences arising on translation of foreign operations | **-** | **-** | - | **(13,733)** | **-** | **-** | (13,733) | - | **-** | **(13,733)** | **-** | **(13,733)** |
| Other comprehensive loss for the period, net of tax | **-** | **-** | **-** | **(47,019)** | **-** | **-** | **(47,019)** | **-** | **-** | **(47,019)** | **-** | **(47,019)** |
| Total comprehensive income for the period | **-** | **-** | **114,254** | **(47,019)** | **-** | **-** | **(47,019)** | **-** | **-** | **67,235** | **18,184** | **85,419** |
| Transactions with owners recognised directly in equity | | | | | | | | | | | | |
| Transfer to general reserve | - | - | 191 | **(191)** | (191) | - | - | - | - | **-** | - | **-** |
| Disposal of subsidiaries | - | - | - | **-** | - | - | - | - | - | **-** | (2,500) | **(2,500)** |
| Non-controlling interest upon proportional capital injection in a subsidiary | - | - | - | **-** | - | - | - | - | - | **-** | 149,200 | **149,200** |
| Acquisition of non-controlling interests | - | - | - | **4,764** | - | - | - | 4,764 | - | **4,764** | (79,446) | **(74,682)** |
| Total | **-** | **-** | **191** | **4,573** | **(191)** | **-** | **-** | **4,764** | **-** | **4,764** | **67,254** | **72,018** |
| Others | | | | | | | | | | | | |
| Dividend declared to equity shareholders | - | - | (130,773) | **-** | - | - | - | - | - | **(130,773)** | - | **(130,773)** |
| Dividend declared to non-controlling interests | - | - | - | **-** | - | - | - | - | - | **-** | (973) | **(973)** |
| Total | **-** | **-** | **(130,773)** | **-** | **-** | **-** | **-** | **-** | **-** | **(130,773)** | **(973)** | **(131,746)** |
| **Balance at 30.9.18** | **5,951,793** | **-** | **1,826,786** | **(86,260)** | **241,668** | **-** | **(112,123)** | **(15,490)** | **(200,315)** | **7,692,319** | **2,975,069** | **10,667,388** |

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

| GROUP | Attributable to owners of the Company | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Treasury shares | Retained earnings | Other reserves, total | General Reserve | Investment revaluation reserve | Translation reserve | Effects of changes in ownership interest in subsidiaries where there is no change in control | Merger reserve | Equity attributable to owners of the Company | Non-controlling interests | Total equity |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Balance at 1.1.17** | **4,861,138** | **(96)** | **1,199,172** | **(87,481)** | **205,538** | **73,191** | **(145,641)** | **(20,254)** | **(200,315)** | **5,972,733** | **2,560,444** | **8,533,177** |
| Profit for the period | - | - | 120,117 | - | - | - | - | - | - | **120,117** | 32,587 | **152,704** |
| Other comprehensive income | | | | | | | | | | | | |
| Exchange differences arising on translation | - | - | - | **34,005** | - | - | 34,005 | - | - | **34,005** | - | **34,005** |
| Fair value change on available-for-sale financial instrument | - | - | - | **43,783** | - | 43,783 | - | - | - | **43,783** | - | **43,783** |
| Other comprehensive income for the period, net of tax | - | - | - | **77,788** | - | 43,783 | 34,005 | - | - | **77,788** | - | **77,788** |
| Total comprehensive income for the period | - | - | **120,117** | **77,788** | - | **43,783** | **34,005** | - | - | **197,905** | **32,587** | **230,492** |
| Transactions with owners recognised directly in equity | | | | | | | | | | | | |
| Transfer to general reserve | - | - | (46) | **46** | 46 | - | - | - | - | - | - | - |
| Non-controlling interest upon proportional capital injection in subsidiaries | - | - | - | - | - | - | - | - | - | - | 10,700 | **10,700** |
| Total | - | - | **(46)** | **46** | **46** | - | - | - | - | - | **10,700** | **10,700** |
| Others | | | | | | | | | | | | |
| Dividend declared to non-controlling interests | - | - | - | - | - | - | - | - | - | - | (4,800) | (4,800) |
| Total | - | - | - | - | - | - | - | - | - | - | **(4,800)** | **(4,800)** |
| **Balance at 31.3.17** | **4,861,138** | **(96)** | **1,319,243** | **(9,647)** | **205,584** | **116,974** | **(111,636)** | **(20,254)** | **(200,315)** | **6,170,638** | **2,598,931** | **8,769,569** |
| Profit for the period | - | - | 119,909 | - | - | - | - | - | - | **119,909** | 37,866 | **157,775** |
| Other comprehensive loss | | | | | | | | | | | | |
| Exchange differences arising on translation | - | - | - | **28,249** | - | - | 28,249 | - | - | **28,249** | - | **28,249** |
| Fair value change on available-for-sale financial instrument | - | - | - | **(28,421)** | - | (28,421) | - | - | - | **(28,421)** | - | **(28,421)** |
| Other comprehensive loss for the period, net of tax | - | - | - | **(172)** | - | (28,421) | 28,249 | - | - | **(172)** | - | **(172)** |
| Total comprehensive income for the period | - | - | **119,909** | **(172)** | - | **(28,421)** | **28,249** | - | - | **119,737** | **37,866** | **157,603** |
| Transactions with owners recognised directly in equity | | | | | | | | | | | | |
| Share placement | 1,090,751 | - | - | - | - | - | - | - | - | **1,090,751** | - | **1,090,751** |
| Non-controlling interest upon proportional capital injection in a subsidiary | - | - | - | - | - | - | - | - | - | - | 7,165 | **7,165** |
| Total | **1,090,751** | - | - | - | - | - | - | - | - | **1,090,751** | **7,165** | **1,097,916** |
| Others | | | | | | | | | | | | |
| Dividend declared to equity share holders | - | - | (110,990) | - | - | - | - | - | - | **(110,990)** | - | (110,990) |
| Total | - | - | **(110,990)** | - | - | - | - | - | - | **(110,990)** | - | **(110,990)** |
| **Balance at 30.6.17** | **5,951,889** | **(96)** | **1,328,162** | **(9,819)** | **205,584** | **88,553** | **(83,387)** | **(20,254)** | **(200,315)** | **7,270,136** | **2,643,962** | **9,914,098** |

**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 30.6.17** | **5,951,889** | **(96)** | **1,328,162** | **(9,819)** | **205,584** | **88,553** | **(83,387)** | **(20,254)** | **(200,315)** | **7,270,136** | **2,643,962** | **9,914,098** |
| Profit for the period | **-** | **-** | 110,214 | **-** | **-** | - | - | **-** | **-** | **110,214** | 35,941 | **146,155** |
| <u>Other comprehensive income</u> | | | | | | | | | | | | |
| Exchange differences arising on translation, net of tax | **-** | **-** | - | **16,875** | **-** | **-** | 16,875 | **-** | **-** | **16,875** | **-** | **16,875** |
| Fair value change on available-for-sale financial instrument | **-** | **-** | - | **(9,616)** | **-** | (9,616) | - | **-** | **-** | **(9,616)** | **-** | **(9,616)** |
| Other comprehensive income for the period, net of tax | **-** | **-** | - | **7,259** | - | (9,616) | 16,875 | - | - | **7,259** | **-** | **7,259** |
| Total comprehensive income for the period | **-** | **-** | **110,214** | **7,259** | **-** | **(9,616)** | **16,875** | **-** | **-** | **117,473** | **35,941** | **153,414** |
| <u>Transactions with owners recognised directly in equity</u> | | | | | | | | | | | | |
| Transfer to general reserve | - | - | (2,365) | **2,365** | 2,365 | - | - | - | - | - | - | **-** |
| Non-controlling interest upon proportional capital injection in a subsidiary | - | - | - | **-** | - | - | - | - | - | - | 19,500 | **19,500** |
| Total | **-** | **-** | **(2,365)** | **2,365** | **2,365** | **-** | **-** | **-** | **-** | **-** | **19,500** | **19,500** |
| <u>Others</u> | | | | | | | | | | | | |
| Dividend declared to non-controlling interests | - | - | - | **-** | - | - | - | - | - | **-** | (665) | (665) |
| Total | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(665)** | **(665)** |
| **Balance at 30.9.17** | **5,951,889** | **(96)** | **1,436,011** | **(195)** | **207,949** | **78,937** | **(66,512)** | **(20,254)** | **(200,315)** | **7,387,609** | **2,698,738** | **10,086,347** |

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

| COMPANY | ← Attributable to owners of the Company → | | | | |
|---|---|---|---|---|---|
| | Share capital | Treasury shares | Retained earnings | Other reserves* | Total equity |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Balance at 1.1.18** | **5,951,889** | **(96)** | **(62,101)** | **62,283** | **5,951,975** |
| Loss for the period | - | - | (45,295) | - | **(45,295)** |
| Other comprehensive loss | | | | | |
| 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** |
| Other comprehensive income | | | | | |
| 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** |
| Profit for the period | - | - | 98,280 | - | **98,280** |
| Other comprehensive income | | | | | |
| Exchange differences arising on translation, net of tax | - | - | - | 210,161 | **210,161** |
| Other comprehensive income for the period, net of tax | **-** | **-** | **-** | **210,161** | **210,161** |
| Total comprehensive income for the period | **-** | **-** | **98,280** | **210,161** | **308,441** |
| Other | | | | | |
| Dividend declared to equity shareholders | | | **(130,773)** | **-** | **(130,773)** |
| | **-** | **-** | **(130,773)** | **-** | **(130,773)** |
| **Balance at 30.9.18** | **5,951,793** | **-** | **402** | **280,675** | **6,232,870** |

* 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 | Treasury shares | Retained earnings | Other reserves* | Total equity |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Balance at 1.1.17** | **4,861,138** | **(96)** | **65,815** | **29,892** | **4,956,749** |
| Loss for the period | - | - | (22,215) | - | **(22,215)** |
| Other comprehensive income | | | | | |
| Exchange differences arising on translation, net of tax | - | - | - | 128,972 | **128,972** |
| Other comprehensive income for the period, net of tax | **-** | **-** | **-** | **128,972** | **128,972** |
| Total comprehensive income for the period | **-** | **-** | **(22,215)** | **128,972** | **106,757** |
| **Balance at 31.3.17** | **4,861,138** | **(96)** | **43,600** | **158,864** | **5,063,506** |
| Profit for the period | - | - | 69,903 | - | **69,903** |
| Other comprehensive loss | | | | | |
| Exchange differences arising on translation, net of tax | - | - | - | (5,205) | **(5,205)** |
| Other comprehensive loss for the period, net of tax | **-** | **-** | **-** | **(5,205)** | **(5,205)** |
| Total comprehensive income for the period | **-** | **-** | **69,903** | **(5,205)** | **64,698** |
| Transactions with owners recognised directly in equity | | | | | |
| Share placement | 1,090,751 | - | - | - | **1,090,751** |
| | **1,090,751** | **-** | **-** | **-** | **1,090,751** |
| Others | | | | | |
| Dividend declared to equity shareholders | - | - | (110,990) | - | **(110,990)** |
| | **-** | **-** | **(110,990)** | **-** | **(110,990)** |
| **Balance at 30.6.17** | **5,951,889** | **(96)** | **2,513** | **153,659** | **6,107,965** |
| Profit for the period | - | - | 7,886 | - | **7,886** |
| Other comprehensive loss | | | | | |
| Exchange differences arising on translation, net of tax | - | - | - | (31,816) | **(31,816)** |
| Other comprehensive loss for the period, net of tax | **-** | **-** | **-** | **(31,816)** | **(31,816)** |
| Total comprehensive loss for the period | **-** | **-** | **7,886** | **(31,816)** | **(23,930)** |
| **Balance at 30.9.17** | **5,951,889** | **(96)** | **10,399** | **121,843** | **6,084,035** |

* Relates to translation reserve.

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Share Capital

| | **Group and Company** | |
|---|---|---|
| | **Number of ordinary shares** | **Share Capital RMB'000** |
| Issued and paid up share capital | | |
| Balance at 1 January 2018 | 2,606,645,126 | 5,951,889 |
| Cancellation of treasury shares | (56,400) | (96) |
| Balance at 30 September 2018 | **2,606,588,726** | **5,951,793** |

As at 30 September 2018, the number of ordinary shares in issue was 2,606,588,726 (30 September 2017: 2,606,645,126 ordinary shares of which 56,400 shares were held as treasury shares).

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

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

As at 30 September 2018, there were no subsidiary holdings and convertible securities outstanding (30 September 2017: Nil).

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

As at 30 September 2018, there were no treasury shares held (31 December 2017: 56,400). Total number of issued shares excluding treasury shares, as at 30 September 2018 was 2,606,588,726 (31 December 2017: 2,606,588,726 excluding treasury shares).

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

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

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

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

**2. Whether the figures have been audited, or reviewed and in accordance with which standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

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

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

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

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

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

Please refer to Note 4 above.

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

| | 3 Months Ended | | 9 Months Ended | |
|---|---|---|---|---|
| | 30.9.18 | 30.9.17 | 30.9.18 | 30.9.17 |
| | 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:-<br><br>(i) Based on weighted average number of ordinary shares in issue (RMB cents) | 4.38 | 4.23 | 14.19 | 14.29 |
| - Weighted average number of shares ('000) | 2,606,589 | 2,606,589 | 2,606,589 | 2,451,461 |
| (ii) On a fully diluted basis of ordinary shares (RMB cents) | 4.38 | 4.23 | 14.19 | 14.29 |
| - Weighted average number of shares ('000) | 2,606,589 | 2,606,589 | 2,606,589 | 2,451,461 |

## 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 September 2018 | 295.11 | 239.12 |
| As at 31 December 2017 | 288.23 | 228.34 |

Net asset value per share is calculated based on the number of shares in issue (excluding treasury shares) of 2,606,588,726 as at 30 September 2018 (31 December 2017: 2,606,588,726, excluding treasury shares ).

## 8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

**(b) any material factors that affect the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**STATEMENT OF COMPREHENSIVE INCOME**

**Overall Review**

The Group recorded an increase in revenue from RMB3,353.6 million in 9MFY2017 to RMB3,924.9 million in 9MFY2018, representing an increase of 17.0%. Gross profit ("**GP**") has increased from RMB1,055.6 million in 9MFY2017 to RMB1,180.2 million in 9MFY2018.

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

Consequently, the Group's profit after tax (attributable to owners of the Company) increased from RMB350.2 million in 9MFY2017 to RMB369.9 million in 9MFY2018, representing an increase of 5.6%.

The increase was due mainly to contribution from newly acquired entities as well as from existing entities. The increase was partially offset by the listing expenses incurred in 1QFY2018.

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

### (A) Revenue

| | 3QFY2018 RMB '000 | 3QFY2017 RMB '000 | Change % | 9MFY2018 RMB '000 | 9MFY2017 RMB '000 | Change % |
|---|---|---|---|---|---|---|
| Construction | 303,866 | 731,483 | (58.5) | 1,712,392 | 1,508,106 | 13.5 |
| Operating and maintenance income from service concession arrangements | 473,794 | 385,040 | 23.1 | 1,319,710 | 1,130,275 | 16.8 |
| Financial income from service concession arrangements | 208,284 | 180,733 | 15.2 | 622,653 | 517,175 | 20.4 |
| Service income | 42,858 | 34,838 | 23.0 | 117,038 | 91,375 | 28.1 |
| Other revenue | 45,138 | 26,468 | 70.5 | 153,069 | 106,685 | 43.5 |
| **Total** | **1,073,940** | **1,358,562** | **(21.0)** | **3,924,862** | **3,353,616** | **17.0** |

Overall, the Group's revenue increased by RMB571.3 million or 17.0%, from RMB3,353.6 million in 9MFY2017 to RMB3,924.9 million in 9MFY2018. Except for "Construction revenue" in 3QFY2018, revenue across all categories increased in 3QFY2018 and 9MFY2018 as compared to 3QFY2017 and 9MFY2017.

**Construction Revenue**

Construction revenue amounted to RMB303.9 million and RMB1,712.4 million in 3QFY2018 and 9MFY2018 respectively (3QFY2017: RMB731.5 million; 9MFY2017: RMB1,508.1 million). The higher revenue was mainly due to relatively higher amount of construction activities in progress in 9MFY2018 as compared to 9MFY2017. However, revenue decreased in 3QFY2018 as compared to 3QFY2017 due to relatively lower amount of construction activities in progress during the period.

**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 RMB682.1 million and RMB1,942.4 million in 3QFY2018 and 9MFY2018 respectively (3QFY2017: RMB565.8 million; 9MFY2017: RMB1,647.5 million). The higher revenue was due mainly to (i) higher water treatment and supply sales volume; and (ii) contribution by newly acquired entities.

**Service Income**

Service income from non-service concession arrangements amounted to RMB42.9 million and RMB117.0 million in 3QFY2018 and 9MFY2018 respectively (3QFY2017: RMB34.8 million; 9MFY2017: RMB91.4 million). The higher revenue was due mainly to a newly acquired entity.

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

### (A) Revenue – cont'd

**Other Revenue**

Other revenue amounted to RMB45.1 million and RMB153.1 million in 3QFY2018 and 9MFY2018 respectively (3QFY2017: RMB26.5 million; 9MFY2017: RMB106.7 million). The increase was mainly due to higher volume of installation works carried out, which are ad-hoc in nature.

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

The Group's GP increased by RMB28.0 million or 8.0% from RMB347.9 million in 3QFY2017 to RMB375.9 million in 3QFY2018. Meanwhile, GP increased by RMB124.6 million or 11.8% from RMB1,055.6 million in 9MFY2017 to RMB1,180.2 million in 9MY2018. The increase was mainly due to higher revenue from the operation category achieved by the Group as explained in Note A as well as the contribution from newly acquired entities.

GPM increased by 9.4 percentages from 25.6% in 3QFY2017 to 35.0% in 3QFY2018. The increase was due mainly to higher contribution from operation category during 3QFY2018 as compared to 3QFY2017 (which has a relatively higher GPM).

There is no material variance for GPM between 9MFY2017 as compared to 9MFY2018.

### (C) Other gains and losses

Other gains and losses decreased from a gain of RMB6.4 million in 3QFY2017 to RMB5.9 million in 3QFY2018 and RMB9.6 million in 9MFY2017 to RMB6.6 million in 9MFY2018. 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.

### (D) Selling and Distribution costs

Selling and distribution costs increased from RMB17.0 million in 3QFY2017 to RMB18.0 million in 3QFY2018 and RMB49.3 million in 9MFY2017 to RMB54.4 million in 9MFY2018. The increase in selling and distribution costs was due mainly to a newly acquired entity.

### (E) Administrative Expenses

Administrative expenses increased from RMB68.0 million in 3QFY2017 to RMB86.4 million in 3QFY2018 and RMB210.3 million in 9MFY2017 to RMB295.1 million in 9MFY2018. The increase in administrative expenses was due mainly to the listing expenses incurred in 1QFY2018 as well as newly acquired entities.

### (F) Finance expenses

Finance expenses amounted RMB157.2 million in 3QFY2018 (3QFY2017: RMB129.3 million) and RMB421.0 million in 9MFY2018 (9MFY2017: RMB384.9 million). The increase in finance expenses was due mainly to new borrowings taken up.

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

### (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 increase in share of results of joint ventures in 3QFY2018 and 9MFY2018 as compared to 3QFY2018 and 9MFY2017 was in line with the increase in amount of waste been processed as well as better cost control in 3QFY2018 and 9MFY2018.

### (H) Amortisation of Intangible Assets

Amortisation of intangible assets increased from RMB66.0 million in 3QFY2017 to RMB66.6 million in 3QFY2018 and RMB195.4 million in 9MFY2017 to RMB202.3 million in 9MFY2018. The increase was due to newly acquired entities.

### STATEMENTS OF FINANCIAL POSITION

### (I) Current Assets

Current assets as at 30 September 2018 amounted to RMB4.51 billion (31 December 2017: RMB3.88 billion). The increase was mainly due to (i) net cash inflow during 9MFY2018 (for details, please refer to analysis on "Statement of cash flows" below); (ii) higher trade receivables due to billings raised net of collections during the period and (iii) consolidation of newly acquired subsidiaries.

### (J) Non-current Assets

Non-current assets as at 30 September 2018 amounted to RMB23.93 billion (31 December 2017: RMB21.77 billion). The increase was due mainly to (i) consolidation of newly acquired subsidiaries and (ii) construction of certain wastewater treatment projects during 9MFY2018.

### (K) Current Liabilities

Current liabilities as at 30 September 2018 amounted to RMB7.77 billion (31 December 2017: RMB6.24 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 higher amount of construction activities in progress in 9MFY2018 and also better trade payables management.

### (L) Non-current Liabilities

Non-current liabilities as at 30 September 2018 amounted to RMB10.01 billion (31 December 2017: RMB9.16 billion). The increase was due mainly to new borrowings taken up which are due for repayment after one year and consolidation of newly acquired subsidiaries.

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

**STATEMENT OF CASH FLOWS**

As at 30 September 2018, the Group's cash and cash equivalents stood at RMB1,627.3 million (31 December 2017: RMB1,402.1 million). In 9MFY2018, net cash of RMB555.1 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 generated from operating activities was RMB1,379.7 million.

Net cash used in the Group's investing activities of RMB366.2 million in 9MFY2018 was due mainly to net cash outflow from acquisition of subsidiaries and purchase of property, plant and equipments and intangibles assets. This was partially offset by dividends received from joint ventures.

Net cash generated from financing activities of RMB1,145.7 million in 9MFY2018 was due mainly to net proceeds from bank borrowings and contribution from non-controlling interests upon additional capital injection of a subsidiary. This was partially offset by the interest paid, net repayment of finance leaseback arrangement, dividend paid to equity and non-controlling interest shareholders and increase in deposits pledged to banks.

## 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 fight against pollution remains high on the People's Republic of China (PRC) government's agenda. As part of the continuing Water Pollution Prevention and Control Action Plan to reduce black and odorous water to less than 10 percent of rivers in urban areas by 2020, PRC's Ministry of Ecology and Environment has in recent months stepped up checks in the cities and held companies and officials accountable for lapses in water pollution control. This is in addition to the current environmental initiatives that include the Water Ten Plan, the River Chief System and Beautiful China.

As part of the anti-pollution drive, PRC's National Development and Reform Commission (NDRC) has recommended changes to pricing mechanisms and pricing policies in favour of green development by 2020, which are intended to encourage the conservation of water and energy, and create incentives for waste disposal. China will also accelerate the establishment of a pricing mechanism that can cover the cost of sewage, sludge and solid waste treatment that are expected to bring revenue to such businesses, which the Group is expected to be a beneficiary of.

The Group remains aligned with the PRC government's environmental goals and continues to contribute to the nation's water supply and wastewater treatment infrastructure. The Group remains focused on the upgrading of some of its existing wastewater treatment projects to meet the higher sewage discharge standards required today.

## 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 had 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 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 utilised for the following purposes:

| **Purpose** | **Amount S$ 'million** |
|---|---|
| **Net proceeds raised from the 2017 Share Placement in May 2017** | **220.5** |
| *<u>Less utilisation:</u>* | |
| - Repayment of loan obtained from SIHL Finance Limited | (135.4) |
| General corporate purpose: | |
| a. Payment for the purchase consideration of RMB9.1 million in relation to the acquisition of 100% equity interest in Pinghu Dushan Wastewater Treatment Co., Ltd. | (8.2) |
| a. Payment for the 100% equity of USD8 million for incorporation of SIIC Environment Industrial (Taixing) Co.Ltd. | (10.8) |
| b. Payment for the purchase consideration in relation to the acquisition of Dalian Ziguang Lingshui Waste Water Treatment Co., Ltd. | (8.1) |
| c. Repayment of interest of loan obtained from holding company and bank | (21.0) |
| d. Payment of professional fees and operating expenses | (18.9) |
| e. Payment for the purchase consideration in relation to the acquisition of remaining interest in Nanfang Water Co., Ltd. | (15.3) |
| **Balance of net proceeds raised from the 2017 Share Placement as at date of this result announcement** | **2.8** |

## 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 30 September 2018, 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**
14 November 2018