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 2016

8 November 2016

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(Incorporated in the Republic of Singapore)
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Third Quarter of Financial Year 2016 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 ("3QFY2016") AND NINE MONTHS ("9MFY2016) ENDED 30 SEPTEMBER 2016

		Group					
		3 Months Ended		Changes	9 Months Ended		Changes
	Note	30.9.16	30.9.15		30.9.16	30.9.15	
		RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	(A)	394,861	502,092	(21.4)	1,514,161	1,292,741	17.1
Cost of sales		(213,889)	(312,050)	(31.5)	(964,938)	(769,976)	25.3
Gross profit	(B)	**180,972**	**190,042**	(4.8)	**549,223**	**522,765**	5.1
Other operating income	(C)	9,531	7,053	35.1	28,124	16,228	73.3
Selling and distribution costs	(D)	(8,081)	(4,026)	>100.0	(23,075)	(11,060)	>100.0
Administrative expenses	(E)	(47,552)	(49,227)	(3.4)	(149,331)	(125,109)	19.4
Other operating expenses	(C)	(930)	(1,265)	(26.5)	(1,493)	(1,541)	(3.1)
Profit from operations		**133,940**	**142,577**	(6.1)	**403,448**	**401,283**	0.5
Finance income	(F)	3,338	4,131	(19.2)	7,205	9,103	(20.9)
Finance expenses	(G)	(48,170)	(47,232)	2.0	(141,504)	(126,076)	12.2
Other income	(H)	38,500	14,792	>100.0	101,715	39,191	>100.0
Share of results of joint ventures	(I)	10,242	15,602	(34.4)	46,002	40,996	12.2
Share of results of associates	(I)	3,807	8,829	(56.9)	14,540	13,995	3.9
Profit before tax	(i)	**141,657**	**138,699**	2.1	**431,406**	**378,492**	14.0
Income tax expense	(ii)/(J)	(31,550)	(29,520)	6.9	(92,695)	(82,842)	11.9
Profit for the period		**110,107**	**109,179**	0.8	**338,711**	**295,650**	14.6
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Foreign currency translation, net of tax		(11,775)	(54,922)	(78.6)	43,873	(90,222)	n.m.
Investment revaluation reserve	(M)	(10,151)	(44,257)	(77.1)	1,722	49,952	(96.6)
Total comprehensive income for the period		**88,181**	**10,000**	>100.0	**384,306**	**255,380**	50.5
Profit for the period attributable to:							
Owners of the Company		94,045	89,290	5.3	284,661	240,740	18.2
Non-controlling interests		16,062	19,889	(19.2)	54,050	54,910	(1.6)
		110,107	**109,179**	0.8	**338,711**	**295,650**	14.6
Total comprehensive income attributable to:							
Owners of the Company		72,119	(9,889)	n.m.	330,256	200,470	64.7
Non-controlling interests		16,062	19,889	(19.2)	54,050	54,910	(1.6)
		88,181	**10,000**	>100.0	**384,306**	**255,380**	50.5

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	
	30.9.16	**30.9.15**	**30.9.16**	**30.9.15**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Amortisation of intangible assets (Note K)	35,049	18,587	103,058	55,676
Amortisation of land use rights	67	40	189	138
Depreciation of property, plant and equipment	3,038	3,118	9,049	8,805
Written off of property, plant and equipment	348	(31)	348	80
Gain on disposal of property, plant and equipment	(486)	-	(72)	(3,081)
Loss/(Gain) on disposal of intangible assets	2	-	(2,551)	-
Gain on disposal of available-for-sale financial instruments	(10,628)	-	(10,628)	-
Foreign exchange loss, net	930	1,265	1,493	1,541
Allowance/(Reversal) for doubtful receivables (trade)	293	94	(570)	(414)
Allowance/(Reversal) for doubtful receivables, net (non-trade)	-	32	(8,232)	331
Reversal of allowance for inventories	-	-	(7)	(20)
Fair value loss/(gain) from held-for-trading investment	367	4,952	(633)	706

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

	3 Months Ended		9 Months Ended	
	30.9.16	**30.9.15**	**30.9.16**	**30.9.15**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
(Over)/under provision of tax in respect of prior periods	(932)	858	(768)	974

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

	Note	Group		Company	
		As At 30.9.16	As At 31.12.15	As At 30.9.16	As At 31.12.15
		RMB'000	RMB'000	RMB'000	RMB'000
Current assets					
Cash and cash equivalents		1,055,719	795,228	19,919	69,565
Pledged bank deposits		169,047	76,768	-	-
Trade and other receivables		696,231	864,194	723	7,228
Bills receivables		3,820	939	-	-
Prepayments		23,917	14,773	754	1,535
Inventories		25,200	20,768	-	-
Receivables under service concession arrangements		133,804	123,816	-	-
Amounts due from customers for contract work		161,365	68,780	-	-
Amounts due from subsidiaries		-	-	2,134,692	2,088,783
Amounts due from joint venture		1,112	1,437	1,112	1,437
Amounts due from associate		38,109	20,836	-	-
Held-for-trading investment		21,600	19,222	-	-
Total current assets	(L)	**2,329,924**	**2,006,761**	**2,157,200**	**2,168,548**
Non-current assets					
Available-for-sale financial instruments		183,045	191,836	13,440	12,567
Prepayments		70,796	336,363	-	-
Receivables under service concession arrangements		5,438,820	4,663,830	-	-
Property, plant and equipment		110,831	104,921	1,725	352
Intangible assets		3,682,974	3,219,714	-	-
Land use rights		14,742	4,720	-	-
Retention monies		4,722	4,118	-	-
Deferred tax assets		16,602	16,940	-	-
Investment in subsidiaries		-	-	2,614,391	2,349,890
Interest in joint ventures		702,491	661,128	541,201	506,029
Interest in associates		598,551	557,703	-	-
Goodwill on consolidation		457,241	457,241	-	-
Amounts due from associate		14,543	19,543	-	-
Total non-current assets	(M)	**11,295,358**	**10,238,057**	**3,170,757**	**2,868,838**
Total assets		**13,625,282**	**12,244,818**	**5,327,957**	**5,037,386**
Current liabilities					
Trade and other payables		1,219,615	1,017,417	21,377	17,380
Bills payable to banks		10,242	12,376	-	-
Tax payable		29,583	32,125	-	-
Amounts due to customers for contract work		25,933	20,934	-	-
Amounts due to subsidiaries		-	-	124,745	133,193
Bank and other borrowings		1,955,019	1,937,976	121,298	10,469
Finance lease		-	16,667	-	-
Total current liabilities	(N)	**3,240,392**	**3,037,495**	**267,420**	**161,042**
Non-current liabilities					
Bank and other borrowings		2,239,193	1,768,875	-	113,415
Deferred tax liabilities		919,941	791,837	-	-
Other non-current liabilities		83,911	67,162	-	-
Total non-current liabilities	(O)	**3,243,045**	**2,627,874**	**-**	**113,415**
Capital, reserves and non-controlling interest					
Share capital		4,861,138	4,861,138	4,861,138	4,861,138
Treasury shares		(96)	(96)	(96)	(96)
Retained earnings		1,079,194	797,571	74,946	107,746
Other reserves		(98,418)	(147,051)	124,549	(205,859)
Equity attributable to owners of the Company		**5,841,818**	**5,511,562**	**5,060,537**	**4,762,929**
Non-controlling interests		1,300,027	1,067,887	-	-
Total equity		**7,141,845**	**6,579,449**	**5,060,537**	**4,762,929**
Total liabilities and equity		**13,625,282**	**12,244,818**	**5,327,957**	**5,037,386**

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 30.9.16 RMB'000		**As at 31.12.15 RMB'000**	
Secured/ Guaranteed	Unsecured/ Unguaranteed	Secured/ Guaranteed	Unsecured/ Unguaranteed
1,717,012	248,249	1,627,658	339,361

Amount repayable after one year

As at 30.9.16 RMB'000		**As at 31.12.15 RMB'000**	
Secured/ Guaranteed	Unsecured/ Unguaranteed	Secured/ Guaranteed	Unsecured/ Unguaranteed
1,057,868	1,181,325	953,180	815,695

Details of any collateral

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

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 lease was secured by a pledge on certain 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	
	30.9.16	30.9.15	30.9.16	30.9.15
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Profit before tax	**141,657**	**138,699**	**431,406**	**378,492**
Adjustments for:				
Allowance /(Reversal) for doubtful receivables, net (trade)	293	94	(570)	(414)
Allowance /(Reversal) for doubtful receivables, net (non-trade)	-	32	(8,232)	331
Reversal of allowance for inventories	-	-	(7)	(20)
Depreciation of property, plant and equipment	3,038	3,118	9,049	8,805
Property, plant and equipment written off	348	(31)	348	80
Amortisation of intangible assets	35,049	18,587	103,058	55,676
Amortisation of land use rights	67	40	189	138
Gain on disposal of property, plant and equipment	(486)	-	(72)	(3,081)
Loss/(Gain) on disposal of intangible assets	2	-	(2,551)	-
Gain on disposal of available-for-sale financial instruments	(10,628)	-	(10,628)	-
Finance income	(3,338)	(4,131)	(7,205)	(9,103)
Finance expenses	48,170	47,232	141,504	126,076
Share of results of associates	(3,807)	(8,829)	(14,540)	(13,995)
Share of results of joint ventures	(10,242)	(15,602)	(46,002)	(40,996)
Foreign exchange (gain)/ loss	(1,574)	(4,047)	1,154	(7,307)
Fair value loss/(gain) from held for trading investment	367	4,952	(633)	706
Operating cash flow before working capital changes	**198,916**	**180,114**	**596,268**	**495,388**
(Increase)/decrease in:				
Inventories	(602)	(821)	(1,179)	(1,355)
Amounts due from/to customers for contract work, net	(8,948)	(4,063)	(87,634)	(1,815)
Trade receivables, other receivables and prepayments	49,571	96,791	164,584	(57,351)
Bills receivables	(1,393)	(181)	(2,881)	294
Receivables under service concession arrangements	(127,778)	(203,847)	(405,194)	(407,484)
Amounts due from joint ventures	(345)	386	125	(2,463)
Amounts due from associate	(4,255)	(2,213)	(6,620)	201
Increase/(decrease) in:				
Trade payables and other payables(inclusive of non-current liabilities)	57,755	110,537	95,686	91,044
Bills payable to banks	(1,577)	4,115	(2,134)	(68,641)
Cash from operating activities	**161,344**	**180,818**	**351,021**	**47,818**
Interest received	2,567	4,937	5,293	8,244
Income tax paid	(15,475)	(11,879)	(53,661)	(51,190)
Net cash from operating activities (Note A)	**148,436**	**173,876**	**302,653**	**4,872**
Cash flows from investing activities:				
Purchase of property, plant and equipment	(5,837)	(4,702)	(13,872)	(11,338)
Purchase of intangible assets, net of amount on credit terms	(2,486)	(8,903)	(54,184)	(31,258)
Proceeds from grants	-	-	-	7,300
Increase in prepayment for property, plant and equipment and intangible assets	(48)	(2,317)	(1,479)	(1,865)
Proceeds from disposal of property, plant and equipment	176	8	347	131
Net cash inflow/(outflow) on acquisition of subsidiaries (Note B)	15,290	-	43,480	(598,542)
Net cash outflow on acquisition of an associate	-	-	(150)	-
Dividend received from associates	-	-	300	-
Dividend received from a joint venture	28,296	24,786	28,296	24,886
Net cash outflow on investment in held-for-trading financial instrument	-	-	-	(18,476)
Net cash from/(used in) investing activities	**35,391**	**8,872**	**2,738**	**(629,162)**

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	
	30.9.16	30.9.15	30.9.16	30.9.15
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from financing activities:				
Proceeds from bank and other borrowings	446,750	24,258	555,750	1,052,525
Repayment of bank and other borrowings	(238,258)	(107,801)	(377,832)	(434,399)
Repayment under finance leaseback arrangement	-	(8,333)	(16,667)	(25,000)
Interest paid	(36,445)	(44,168)	(113,263)	(122,064)
Dividend paid to non-controlling interest in subsidiaries	(490)	(490)	(5,090)	(12,752)
Acquisition of non-controlling interests	-	-	-	(107,634)
Increase in deposits pledged to banks	(102,303)	(29,791)	(89,274)	(9,439)
Net cash from/(used in) financing activities	**69,254**	**(166,325)**	**(46,376)**	**341,237**
Net increase/(decrease) in cash and cash equivalents	253,081	16,423	259,015	(283,053)
Cash and cash equivalents at beginning of period	800,699	818,532	795,228	1,119,272
Effects of exchange rate changes on the balance of cash held in foreign currencies	1,939	(6,762)	1,476	(8,026)
Cash and cash equivalents at end of period	**1,055,719**	**828,193**	**1,055,719**	**828,193**

Cash and cash equivalents at end of period				
Cash and bank balances	1,224,766	905,037	1,224,766	905,037
Less: Pledged bank deposits	(169,047)	(76,844)	(169,047)	(76,844)
Cash and cash equivalents	**1,055,719**	**828,193**	**1,055,719**	**828,193**

Note A

In accordance with the application of INT FRS 112 *Service Concession Arrangements* and FRS 7 *Statement of Cash Flows*, the movement in the receivables under service concession arrangements has been classified under operating activities. The movement in working capital changes for 9MFY2016 and 3QFY2016 includes (i) cash outflow in relation to the additions of receivables under service concession arrangements (i.e. arising from the construction and/or purchase of water treatment facilities) of RMB270.3 million (9MFY2015: RMB344.1 million) and RMB49.4 million (3QFY2015: RMB144.8 million) respectively; and (ii) cash inflow in relation to refundable deposit for bidding of service concession projects of RMB100.0 million (9MFY2015: Nil) and Nil (3QFY2015: RMB101.0 million) respectively. Excluding these additions of receivables under service concession arrangements and refundable deposits, the net cash generated from operating activities for 9MFY2016 and 3QFY2016 would be RMB473.0 million (9MFY2015: RMB349.0 million) and RMB197.9 million (3QFY2015: RMB217.7 million) 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 Yiyang City Tap Water Co., Ltd. ("Yiyang Tap Water")

In February 2016, the Group has completed the acquisition of 90% equity interest in Yiyang Tap Water for a total purchase consideration of RMB288,188,000. Yiyang Tap Water is engaged principally in the business of water supply, construction, design, supervision and operation of water supply projects and operation of water supply plants.

(ii) Acquisition of Wulian Xinneng Waste Power Plant Co., Ltd. ("Wulian Xinneng")

In August 2016, the Group has completed the acquisition of 90% equity interest in Wulian Xinneng for a total subscription consideration of RMB45,000,000. Wulian Xinneng is engaged principally in the investment, construction and management of waste power plant projects. As at the date of acquisition, the Group has yet to pay the subscription consideration and is committed to complete the subscription by the end of FY2016.

(iii) Acquisition of Henan Zhonghui Lianhe Investment Co., Ltd. ("Henan Zhonghui")

In September 2016, the Group has completed the subscription of 75% equity interest in Henan Zhonghui for a total subscription consideration of RMB225,000,000. Henan Zhonghui is engaged principally in two sludge treatment BOT projects in Xinxiang (capacity of 300t/day) and Nanyang (capacity of 200t/day) of Henan Province. It also participates in a waste water treatment BOT project in Nanyang (capacity of 100,000t/day). As at the date of acquisition, the Group has yet to pay the subscription consideration and is committed to complete the subscription within the next five years.

The purchase price allocation ("**PPA**") exercise in respect of the above acquisitions have not been completed as at 30 September 2016. The Group has 12 months from date of acquisition to finalise the fair value measurement and accounting as allowed under FRS 103 Business Combinations. For 3QFY2016, the Group has determined that the purchase consideration for this acquisition to approximate the provisional fair value of the net identifiable asset acquired. Accordingly, no provisional goodwill or negative goodwill arising from this acquisition was recognised.

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

	Yiyang Tap Water RMB'000	Wulian Xinneng RMB'000	Henan Zhonghui RMB'000	Total RMB'000
Provisional fair value of assets acquired and liabilities recognised at recognised at the date of acquisition*				
Current assets	38,621	234	28,788	**67,643**
Non-current assets	540,597	4,819	430,772	**976,188**
Current liabilities	(140,117)	(53)	(138,216)	**(278,386)**
Non-current liabilities	(118,892)	-	(221,185)	**(340,077)**
Total identifiable net assets at fair value	320,209	5,000	100,159	**425,368**
Non-controlling interest measures at fair value	(32,021)	(5,000)	(100,159)	**(137,180)**
	288,188	**-**	**-**	**288,188**
Consideration transferred				
Cash prepaid in previous financial year	288,188	-	-	**-**
Less: Net assets acquired	(288,188)	-	-	**-**
Goodwill	**-**	**-**	**-**	**-**
Net cash inflow arising from acquisitions				
Cash consideration paid	-	-	-	**-**
Less: Cash and cash equivalents acquired	28,190	135	15,155	**43,480**
Net cash inflow on acquisitions	**28,190**	**135**	**15,155**	**43,480**

* 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 1.1.16	**4,861,138**	**(96)**	**797,571**	**(147,051)**	**152,213**	**56,862**	**(125,638)**	**(30,173)**	**(200,315)**	**5,511,562**	**1,067,887**	**6,579,449**
Profit for the period	**-**	**-**	89,454	**-**	**-**	-	-	**-**	**-**	**89,454**	16,704	**106,158**
Other comprehensive income												
Exchange differences arising on translation, net of tax	-	-	-	**55,092**	**-**	**-**	55,092	**-**	**-**	**55,092**	**-**	**55,092**
Fair value change on available-for-sale financial instrument	-	-	-	**15,172**	**-**	15,172	-	**-**	**-**	**15,172**	**-**	**15,172**
Other comprehensive income for the period, net of tax	**-**	**-**	-	**70,264**	-	15,172	55,092	-	-	**70,264**	**-**	**70,264**
Total comprehensive income for the period	**-**	**-**	**89,454**	**70,264**	**-**	**15,172**	**55,092**	**-**	**-**	**159,718**	**16,704**	**176,422**
Transactions with owners recognised directly in equity												
Transfer to general reserve	-	-	56	**(56)**	(56)	-	-	-	-	-	-	**-**
Acquisition of a subsidiary	-	-	-	**-**	-	-	-	-	-	-	32,021	**32,021**
Total	**-**	**-**	**56**	**(56)**	**(56)**	**-**	**-**	**-**	**-**	**-**	**32,021**	**32,021**
Others												
Dividend declared to non-controlling interests	-	-	-	**-**	-	-	-	-	-	**-**	(4,600)	(4,600)
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4,600)**	**(4,600)**
Balance at 31.3.16	**4,861,138**	**(96)**	**887,081**	**(76,843)**	**152,157**	**72,034**	**(70,546)**	**(30,173)**	**(200,315)**	**5,671,280**	**1,112,012**	**6,783,292**
Profit for the period	**-**	**-**	101,162	**-**	**-**	-	-	**-**	**-**	**101,162**	21,284	**122,446**
Other comprehensive income												
Exchange differences arising on translation, net of tax	-	-	-	**556**	**-**	**-**	556	**-**	**-**	**556**	**-**	**556**
Fair value change on available-for-sale financial instrument	-	-	-	**(3,299)**	**-**	(3,299)	-	**-**	**-**	**(3,299)**	**-**	**(3,299)**
Other comprehensive income for the period, net of tax	**-**	**-**	-	**(2,743)**	**-**	(3,299)	556	**-**	**-**	**(2,743)**	**-**	**(2,743)**
Total comprehensive income for the period	**-**	**-**	**101,162**	**(2,743)**	**-**	**(3,299)**	**556**	**-**	**-**	**98,419**	**21,284**	**119,703**
Transactions with owners recognised directly in equity												
Transfer to general reserve	-	-	(3,094)	**3,094**	3,094	-	-	-	-	-	-	**-**
Non-controlling interest upon proportional capital injection in a subsidiary	-	-	-	**-**	-	-	-	-	-	**-**	46,000	**46,000**
Total	**-**	**-**	**(3,094)**	**3,094**	**3,094**	**-**	**-**	**-**	**-**	**-**	**46,000**	**46,000**
Others												
Dividend declared to non-controlling interests	-	-	-	**-**	-	-	-	-	-	**-**	(490)	(490)
Total	**-**	**-**	-	**-**	-	**-**	**-**	**-**	**-**	**-**	**(490)**	**(490)**
Balance at 30.6.16	**4,861,138**	**(96)**	**985,149**	**(76,492)**	**155,251**	**68,735**	**(69,990)**	**(30,173)**	**(200,315)**	**5,769,699**	**1,178,806**	**6,948,505**

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 30.6.16	**4,861,138**	**(96)**	**985,149**	**(76,492)**	**155,251**	**68,735**	**(69,990)**	**(30,173)**	**(200,315)**	**5,769,699**	**1,178,806**	**6,948,505**
Profit for the period	**-**	**-**	94,045	**-**	**-**	-	-	**-**	**-**	**94,045**	16,062	**110,107**
Other comprehensive income												
Exchange differences arising on translation, net of tax	-	-	-	**(11,775)**	-	-	(11,775)	-	**-**	**(11,775)**	-	**(11,775)**
Fair value change on available-for-sale financial instrument	-	-	-	**(10,151)**	-	(10,151)	-	-	**-**	**(10,151)**	-	**(10,151)**
Other comprehensive income for the period, net of tax	**-**	**-**	**-**	**(21,926)**	**-**	**(10,151)**	**(11,775)**	**-**	**-**	**(21,926)**	**-**	**(21,926)**
Total comprehensive income for the period	**-**	**-**	**94,045**	**(21,926)**	**-**	**(10,151)**	**(11,775)**	**-**	**-**	**72,119**	**16,062**	**88,181**
Transactions with owners recognised directly in equity												
Acquisition of subsidiaries	-	-	-	**-**	-	-	-	-	-	-	105,159	**105,159**
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**105,159**	**105,159**
Balance at 30.9.16	**4,861,138**	**(96)**	**1,079,194**	**(98,418)**	**155,251**	**58,584**	**(81,765)**	**(30,173)**	**(200,315)**	**5,841,818**	**1,300,027**	**7,141,845**

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 1.1.15 (restated)	**3,278,603**	**(96)**	**491,519**	**(165,747)**	**97,875**	**2,099**	**(39,525)**	**(25,881)**	**(200,315)**	**3,604,279**	**586,332**	**4,190,611**
Profit for the period	**-**	**-**	68,373	**-**	**-**	-	-	**-**	**-**	**68,373**	15,810	**84,183**
Other comprehensive income												
Exchange differences arising on translation, net of tax	**-**	**-**	-	**(42,721)**	**-**	**-**	(42,721)	**-**	**-**	**(42,721)**	**-**	**(42,721)**
Fair value change on available-for-sale financial instrument	**-**	**-**	-	**36,975**	**-**	36,975	-	**-**	**-**	**36,975**	**-**	**36,975**
Other comprehensive income for the period, net of tax	**-**	**-**	-	**(5,746)**		36,975	(42,721)	**-**	**-**	**(5,746)**	**-**	**(5,746)**
Total comprehensive income for the period	**-**	**-**	**68,373**	**(5,746)**	**-**	**36,975**	**(42,721)**	**-**	**-**	**62,627**	**15,810**	**78,437**
Transactions with owners recognised directly in equity												
Transfer to general reserve	-	-	76	**(76)**	(76)	-	-	-	-	-	-	**-**
Total	**-**	**-**	**76**	**(76)**	**(76)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Others												
Dividends declare to non-controlling interest	-	-	-	**-**	-	-	-	-	-	**-**	(4,560)	**(4,560)**
Total	-	-	-	**-**	-	-	-	-	-	**-**	**(4,560)**	**(4,560)**
Balance at 31.3.15	**3,278,603**	**(96)**	**559,968**	**(171,569)**	**97,799**	**39,074**	**(82,246)**	**(25,881)**	**(200,315)**	**3,666,906**	**597,582**	**4,264,488**
Profit for the period	**-**	**-**	83,077	**-**	**-**	-	-	**-**	**-**	**83,077**	19,211	**102,288**
Other comprehensive income												
Exchange differences arising on translation, net of tax	**-**	**-**	-	**7,421**	**-**	**-**	7,421	**-**	**-**	**7,421**	**-**	**7,421**
Fair value change on available-for-sale financial instrument	**-**	**-**	-	**57,234**	**-**	57,234	-	**-**	**-**	**57,234**	**-**	**57,234**
Other comprehensive income for the period, net of tax	**-**	**-**	-	**64,655**		57,234	7,421	**-**	**-**	**64,655**	**-**	**64,655**
Total comprehensive income for the period	**-**	**-**	**83,077**	**64,655**	**-**	**57,234**	**7,421**	**-**	**-**	**147,732**	**19,211**	**166,943**
Transactions with owners recognised directly in equity												
Transfer to general reserve	-	-	(7,238)	**7,238**	7,238	-	-	-	-	**-**	-	**-**
Acquisition of non-controlling interests	-	-	-	**(4,292)**	-	-	-	(4,292)	-	**(4,292)**	(103,343)	**(107,635)**
Acquisition of subsidiaries	-	-	-	**-**	-	-	-	-	-	**-**	149,830	**149,830**
Issue of shares	1,490,446	-	-	**-**	-	-	-	-	-	**1,490,446**	-	**1,490,446**
Total	**1,490,446**	**-**	**(7,238)**	**2,946**	**7,238**	**-**	**-**	**(4,292)**	**-**	**1,486,154**	**46,487**	**1,532,641**
Others												
Dividends declare to non-controlling interest	-	-	-	**-**	-	-	-	-	-	**-**	(6,492)	**(6,492)**
Total	-	-	-	**-**	-	-	-	-	-	**-**	**(6,492)**	**(6,492)**
Balance at 30.6.15	**4,769,049**	**(96)**	**635,807**	**(103,968)**	**105,037**	**96,308**	**(74,825)**	**(30,173)**	**(200,315)**	**5,300,792**	**656,788**	**5,957,580**

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 30.6.15	**4,769,049**	**(96)**	**635,807**	**(103,968)**	**105,037**	**96,308**	**(74,825)**	**(30,173)**	**(200,315)**	**5,300,792**	**656,788**	**5,957,580**
Profit for the period	**-**	**-**	89,290	**-**	**-**	-	-	**-**	**-**	**89,290**	19,889	**109,179**
Other comprehensive income												
Exchange differences arising on translation, net of tax	**-**	**-**	-	**(54,922)**	**-**	**-**	(54,922)	**-**	**-**	**(54,922)**	**-**	**(54,922)**
Fair value change on available-for-sale financial instrument	**-**	**-**	-	**(44,257)**	**-**	(44,257)	-	**-**	**-**	**(44,257)**	**-**	**(44,257)**
Other comprehensive income for the period, net of tax	**-**	**-**	**-**	**(99,179)**		**(44,257)**	**(54,922)**	**-**	**-**	**(99,179)**	**-**	**(99,179)**
Total comprehensive income for the period	**-**	**-**	**89,290**	**(99,179)**	**-**	**(44,257)**	**(54,922)**	**-**	**-**	**(9,889)**	**19,889**	**10,000**
Transactions with owners recognised directly in equity												
Transfer to general reserve	-	-	(15,223)	**15,223**	15,223	-	-	-	-	-	-	**-**
Acquisition of subsidiaries	-	-	-	**-**	-	-	-	-	-	-	(2,109)	**(2,109)**
Total	**-**	**-**	**(15,223)**	**15,223**	**15,223**	**-**	**-**	**-**	**-**	**-**	**(2,109)**	**(2,109)**
Others												
Dividends declare to non-controlling interest	-	-	-	**-**	-	-	-	-	-	**-**	(5,500)	**(5,500)**
Total	-	-	-	**-**	-	-	-	-	-	**-**	**(5,500)**	**(5,500)**
Balance at 30.9.15	**4,769,049**	**(96)**	**709,874**	**(187,924)**	**120,260**	**52,051**	**(129,747)**	**(30,173)**	**(200,315)**	**5,290,903**	**669,068**	**5,959,971**

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 1.1.16	**4,861,138**	**(96)**	**107,746**	**(205,859)**	**4,762,929**
Loss for the period	-	-	(29,828)	-	**(29,828)**
Other comprehensive income					
Exchange differences arising on translation, net of tax	-	-	-	217,938	**217,938**
Other comprehensive income for the period, net of tax	**-**	**-**	**-**	**217,938**	**217,938**
Total comprehensive (loss)/ income for the period	**-**	**-**	**(29,828)**	**217,938**	**188,110**
Balance at 31.3.16	**4,861,138**	**(96)**	**77,918**	**12,079**	**4,951,039**
Loss for the period	-	-	(24,859)	-	**(24,859)**
Other comprehensive income					
Exchange differences arising on translation, net of tax	-	-	-	153,885	**153,885**
Other comprehensive income for the period, net of tax	**-**	**-**	**-**	**153,885**	**153,885**
Total comprehensive (loss)/ income for the period	**-**	**-**	**(24,859)**	**153,885**	**129,026**
Balance at 30.6.16	**4,861,138**	**(96)**	**53,059**	**165,964**	**5,080,065**
Profit for the period	-	-	21,887	-	**21,887**
Other comprehensive income					
Exchange differences arising on translation, net of tax	-	-	-	(41,415)	**(41,415)**
Other comprehensive income for the period, net of tax	**-**	**-**	**-**	**(41,415)**	**(41,415)**
Total comprehensive (loss)/ income for the period	**-**	**-**	**21,887**	**(41,415)**	**(19,528)**
Balance at 30.9.16	**4,861,138**	**(96)**	**74,946**	**124,549**	**5,060,537**

* 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 1.1.15	**3,278,603**	**(96)**	**109,251**	**(141,574)**	**3,246,184**
Profit for the period	-	-	14,609	-	**14,609**
Other comprehensive income					
Exchange differences arising on translation, net of tax	-	-	-	(111,512)	**(111,512)**
Other comprehensive income for the period, net of tax	**-**	**-**	**-**	**(111,512)**	**(111,512)**
Total comprehensive income/(loss) for the period	**-**	**-**	**14,609**	**(111,512)**	**(96,903)**
Balance at 31.3.15	**3,278,603**	**(96)**	**123,860**	**(253,086)**	**3,149,281**
Loss for the period	-	-	(22,197)	-	**(22,197)**
Other comprehensive income					
Exchange differences arising on translation, net of tax	-	-	-	75,459	**75,459**
Other comprehensive income for the period, net of tax	**-**	**-**	**-**	**75,459**	**75,459**
Total comprehensive (loss)/ income for the period	**-**	**-**	**(22,197)**	**75,459**	**53,262**
Transactions with owners recognised directly in equity					
Issue of shares	1,490,446	**-**	**-**	**-**	**1,490,446**
Total	**1,490,446**	**-**	**-**	**-**	**1,490,446**
Balance at 30.6.15	**4,769,049**	**(96)**	**101,663**	**(177,627)**	**4,692,989**
Profit for the period	-	-	25,522	-	**25,522**
Other comprehensive income					
Exchange differences arising on translation, net of tax	-	-	-	(138,695)	**(138,695)**
Other comprehensive income for the period, net of tax	**-**	**-**	**-**	**(138,695)**	**(138,695)**
Total comprehensive (loss)/ income for the period	**-**	**-**	**25,522**	**(138,695)**	**(113,173)**
Balance at 30.9.15	**4,769,049**	**(96)**	**127,185**	**(316,322)**	**4,579,816**

* 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as 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 2016 and 30 September 2016	2,256,645,126	4,861,138

On 25 September 2015, the Company consolidated every five existing issued ordinary shares into one ordinary share in the capital of the Company.

As at 30 September 2016, the number of ordinary shares in issue was 2,256,645,126 of which 56,400 shares were held by the Company as treasury shares (30 September 2015: 2,229,914,719 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 2016, there were no convertible securities outstanding (30 September 2015: 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 2016, there were 56,400 treasury shares held (31 December 2015: 56,400). Total number of issued shares excluding treasury shares, as at 30 September 2016 was 2,256,588,726 (31 December 2015: 2,256,588,726).

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares for the financial period ended 30 September 2016.

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, consistent with those of the audited financial statements as at 31 December 2015.

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		9 Months Ended	
	30.9.16	30.9.15	30.9.16	30.9.15
	RMB cents	RMB cents	RMB cents	RMB cents
Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:-				
(i) Based on weighted average number of ordinary shares in issue (RMB cents)	4.17	4.00	12.61	11.63
- Weighted average number of shares ('000)	2,256,589	2,229,858	2,256,589	2,069,858
(ii) On a fully diluted basis of ordinary shares (RMB cents)	4.17	3.96	12.61	11.48
- Weighted average number of shares ('000)	2,256,589	2,256,589	2,256,589	2,096,589

On 25 September 2015, the Company consolidated every five existing issued ordinary shares into one ordinary share in the capital of the Company. The weighted number of ordinary shares used for the calculation of earnings per share for the comparatives had been adjusted for the effect of the share consolidation.

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 2016	258.88	224.26
As at 31 December 2015	244.24	211.07

Net asset value per share is calculated based on the number of shares in issue (excluding treasury shares) of 2,256,588,726 as at 30 September 2016 (31 December 2015: 2,256,588,726).

On 25 September 2015, the Company consolidated every five existing issued ordinary shares into one ordinary share in the capital of the Company. The number of issued shares used for the calculation of net asset value per ordinary share as at the end of the immediately preceding financial year had been adjusted for the effect of the share consolidation.

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 RMB1,292.7 million in 9MFY2015 to RMB1,514.2 million in 9MFY2016, representing an increase of 17.1%. Gross profit ("**GP**") has increased from RMB522.8 million in 9MFY2015 to RMB549.2 million in 9MFY2016. Profit from operations improved by 0.5% from RMB401.3 million in 9MFY2015 to RMB403.4 million in 9MFY2016.

Consequently, the Group's profit after tax (attributable to owners of the Company) increased from RMB240.7 million in 9MFY2015 to RMB284.7 million in 9MFY2016, representing an increase of 18.2%.

The increase was due mainly to contribution from newly acquired entities as well as contribution 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

	3QFY2016	3QFY2015	Change	9MFY2016	9MFY2015	Change
	RMB '000	RMB '000	%	RMB '000	RMB '000	%
Construction	42,733	170,144	(74.9)	512,737	381,710	34.3
Operating and maintenance income from service concession arrangements	216,785	198,644	9.1	622,561	566,750	9.8
Financial income from service concession arrangements	84,045	76,516	9.8	243,454	200,040	21.7
Service income	29,228	32,757	(10.8)	86,193	88,174	(2.2)
Others	22,070	24,031	(8.2)	49,216	56,067	(12.2)
Total	**394,861**	**502,092**	**(21.4)**	**1,514,161**	**1,292,741**	**17.1**

Overall, the Group's revenue increased by RMB221.4 million or 17.1%, from RMB1.29 billion in 9MFY2015 to RMB1.51 billion in 9MFY2016.

Construction Revenue

Construction revenue amounted to RMB42.7 million and RMB512.7 million in 3QFY2016 and 9MFY2016 respectively (3QFY2015: RMB170.1 million; 9MFY2015: RMB381.7 million). The lower revenue in 3QFY2016 was mainly due to relatively lower amount of construction activities in progress in 3QFY2016 as compared to 3QFY2015. However, the higher revenue in 9MFY2016 was mainly due to more substantial completion of certain projects in 9MFY2016 as compared to 9MFY2015.

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 RMB300.8 million and RMB866.0 million in 3QFY2016 and 9MFY2016 respectively (3QFY2015: RMB275.2 million; 9MFY2015: RMB766.8 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 amounted to RMB29.2 million and RMB86.2 million in 3QFY2016 and 9MFY2016 respectively (3QFY2015: RMB32.8 million; 9MFY2015: RMB88.2 million). The decrease was due mainly to lower water treatment volume from operation and maintenance projects in 3QFY2016 as compared to 3QFY2015. There was no material variance recorded between 9MFY2016 and 9MFY2015.

Other Revenue

Other revenue amounted to RMB22.1 million and RMB49.2 million in 3QFY2016 and 9MFY2016 respectively (3QFY2015: RMB24.0 million; 9MFY2015: RMB56.1 million). The decrease was mainly due to lower volume of installation works carried out, which are ad-hoc in nature.

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

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

The Group's GP increased by RMB26.5 million or 5.1% from RMB522.8 million in 9MFY2015 to RMB549.2 million in 9MFY2016. The increase was mainly due to contribution from newly acquired entities. There was no material variance for the Group's GP in 3QFY2016 as compared to 3QFY2015.

GPM increased by 7.9 percentages from 37.9% in 3QFY2015 to 45.8% in 3QFY2016. The increase was due mainly to lower contribution from construction category during 3QFY2016 (which has a relatively lower GPM). Meanwhile, GPM decreased by 4.1 percentages from 40.4% in 9MFY2015 to 36.3% in 9MFY2016. The decrease was due mainly to higher contribution from construction category during 9MFY2016 as compared to 9MFY2015.

(C) Other Operating Income / Other Operating Expenses

Other operating income and other operating expenses for 3QFY2016 amounted to RMB9.5 million and RMB0.9 million (3QFY2015: RMB7.1 million and RMB1.3 million) respectively. Meanwhile, other operating income and other operating expenses for 9MFY2016 amounted to RMB28.1 million and RMB1.5 million (9MFY2015: RMB16.2 million and RMB1.5 million) respectively.

The increase in other operating income in 3QFY2016 and 9MFY2016 as compared to 3QFY2015 and 9MFY2015 was due mainly to a newly acquired entity.

(D) Selling and Distribution expenses

Selling and distribution expenses increased from RMB4.0 million in 3QFY2015 to RMB8.1 million in 3QFY2016 and RMB11.1 million in 9MFY2015 to RMB23.1 million in 9MFY2016. The increase in selling and distribution expenses was due mainly to a newly acquired entity.

(E) Administrative Expenses

Administrative expenses increased from RMB125.1 million in 9MFY2015 to RMB149.3 million in 9MFY2016. The increase in administrative expenses was due mainly to a newly acquired entity and increase in staff costs in 9MFY2016 as compared to 9MFY2015. There is no material variance for the administrative expenses in 3QFY2016 as compared to 3QFY2015.

(F) Finance Income

Finance income decreased from RMB4.1 million in 3QFY2015 to RMB3.3 million in 3QFY2016 and RMB9.1 million in 9MFY2015 to RMB7.2 million in 9MF2016. The decrease in finance income was due mainly to decrease in effective interest rate in 3QFY2016 and 9MFY2016 as compared to 3QFY2015 and 9MFY2015.

(G) Finance Expenses

Finance expense amounted to RMB48.2 million and RMB141.5 million in 3QFY2016 and 9MFY2016 (3QFY2015: RMB47.2 million; 9MFY2015: RMB126.1 million) respectively. The increase in finance expenses was due mainly to increase in average interest-bearing loans and borrowings 9MFY2016 as compared to 9MFY2015.

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

(H) Other Income

Other income increased from RMB14.8 million in 3QFY2015 to RMB38.5 million in 3QFY2016 and RMB39.2 million in 9MFY2015 to RMB101.7 million in 9MFY2016. The increase was due mainly to (i) recognition of value-added-tax refund imposed on billing raised from concession service agreements, which was only effective in July 2015; and (ii) gain on disposal of partial listed available-for-sale financial instrument in 3QFY2016.

(I) 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 9MFY2016 was due mainly to higher contribution from joint ventures and associates as compared to 9MFY2015. The decrease in 3QFY2016 as compared to 3QFY2015 was due mainly to the annual overhaul carried out by the joint ventures as well as lower amount of construction activities in progress occurred by the associates in 3QFY2016.

(J) Income Tax Expenses

Income tax expense amounted to RMB31.6 million and RMB92.7 million in 3QFY2016 and 9MFY2016 (3QFY2015: RMB29.5 million; 9MFY2015: RMB82.8 million). The higher income tax expense was due mainly to higher profit generated in 3QFY2016 and 9MFY2016 as compared to 3QFY2015 and 9MFY2015.

(K) Amortisation of Intangible Assets

Amortisation of intangible assets increased from RMB18.6 million in 3QFY2015 to RMB35.0 million in 3QFY2016 and RMB55.7 million in 9MFY2015 to RMB103.1 million in 9MFY2016. The increase was due to newly acquired entities.

STATEMENTS OF FINANCIAL POSITION

(L) Current Assets

Current assets as at 30 September 2016 amounted to RMB2.33 billion (31 December 2015: RMB2.01 billion). The increase was due mainly to the newly acquired entities, which is partially offset by the decrease in the advance made to Yiyang Tap Water. Following the completion of the acquisition of Yiyang, the related advance made in prior year was adjusted accordingly as at 30 September 2016.

(M) Non-current Assets

Non-current assets as at 30 September 2016 amounted to RMB11.30 billion (31 December 2015: RMB10.24 billion). The increase was due mainly to (i) consolidation of the newly acquired entities; and (ii) construction of certain wastewater treatment projects during 9MFY2016. The increase was partially offset by decrease in prepayment made for acquisition of an entity and disposal of partial listed available-for-sale financial instrument in 3QFY2016. Following the completion of the acquisition of the entity and the disposal of available-for-sale financial instrument, the related prepayment made and the investment revaluation reserve recorded in prior year were adjusted accordingly as at 30 September 2016.

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

(N) Current Liabilities

Current liabilities as at 30 September 2016 amounted to RMB3.24 billion (31 December 2015: RMB3.04 billion). The increase was due mainly to consolidation of the newly acquired entities.

(O) Non-current Liabilities

Non-Current liabilities as at 30 September 2016 amounted to RMB3.24 billion (31 December 2015: RMB2.63 billion). The increase was due mainly to consolidation of the newly acquired entities and new borrowings taken up which are due for repayment after one year.

STATEMENT OF CASH FLOWS

As at 30 September 2016, the Group's cash and cash equivalents stood at RMB1,055.7 million (31 December 2015: RMB795.2 million). In 9MFY2016, net cash of RMB302.7 million was generated from the Group's operating activities. The movement in working capital changes for 9MFY2016 includes (i) cash outflow in relation to the additions of receivables under service concession arrangements (i.e. arising from the construction and/or purchase of water treatment facilities) of RMB270.3 million (9MFY2015: RMB344.1 million); and (ii) cash inflow in relation to refundable deposit for bidding of service concession projects of RMB100.0 million (9MFY2015: Nil). Excluding these additions of receivables under service concession arrangements and refundable deposits, the net cash generated from operating activities for 9MFY2016 would be RMB473.0 million (9MFY2015: RMB349.0 million).

Net cash generated from the Group's investing activities of RMB2.7 million in 9MFY2016 was due mainly to the cash inflow from acquisition of entities and dividend received from a joint venture. This is partially offset by the net cash outflow from purchase of property, plant and equipments and intangibles assets.

Net cash used in the Group's financing activities of RMB46.4 million in 9MFY2016 was due mainly to (i)interest paid; (ii) dividend paid to non-controlling interest shareholders; and (iii) increase in deposit pledged to banks. This is partially offset by the net proceed from bank borrowings and finance leaseback arrangement.

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 Group continues to solidify its position as a leading national water treatment company through organic growth and acquisition-driven expansion in northeast China via Longjiang Environmental in Heilongjiang Province, southeast China via Fudan Water in Shanghai, and other locations via its existing regional platforms in Shenzhen, Wuhan and Shandong provinces. It will continue its "Big Cities" expansion strategy and market consolidation pace via acquisitions and regional small and middle size asset obtention.

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. –cont'd.

In August 2016, the Ministry of Environmental Protection announced that it will set up an incentive system that will reward provinces for completing projects on time, in order to meet its objectives in tackling water pollution. It also plans to spend a total of RMB430 billion yuan to improve the quality of its water supplies.[1] Leading government agencies from the People's Republic of China have also committed to ensuring future investments in the country are environmentally friendly.[2]

Making a Landmark Transaction in China Water Sector

In October 2016, the Group announced that it had entered into two conditional sale and purchase agreements for the combined acquisition of 32.66% of the equity interest in Longjiang Environmental Protection Group Co., Ltd ("Longjiang Environmental") for a total aggregate consideration of RMB836 million. Following the acquisition, the Company will have an equity interest of 57.97% in Longjiang Environmental, for which Longjiang Environmental will become a subsidiary of the Company.

Longjiang Environmental has the largest daily design treatment capacity among the targets of acquisitions in the China water treatment sector in the past 10 years. It is principally engaged in the business of the development and operation of environmental protection related projects and construction and operation of water supply network, and holds 41 projects in the People's Republic of China, with a total water treatment and supply design capacity of 3.55 million tonnes/day and a sludge handling design capacity of 1,330 tonnes/day.

Upon the completion of the acquisition of Longjiang Environmental, the total water treatment design capacity of SIIC Environment will be above 10 million tonnes/day with a more diversified geographic coverage in the People's Republic of China.

Strengthening the Portfolio through Acquisitions

In July 2016, SIIC Environment through its subsidiary Fudan Water Engineering and Technology Co., Ltd. ("Fudan Water") entered into a capital increase and equity interest subscription agreement amounting to 75% of the enlarged registered capital with Henan Zhonghui Lianhe Investment Co., Ltd. ("Henan Zhonghui"). Henan Zhonghui is incorporated in Henan Province, China. Through its subsidiaries, it owns two sludge treatment BOT projects in Xinxiang (design capacity of 300 tonnes/day) and Nanyang (design capacity of 200 tonnes/day) of Henan Province and a waste water treatment BOT project in Nanyang (design capacity of 100,000 tonnes/day).

In August 2016, the Company through its subsidiary Fudan Water entered into a capital increase and equity interest subscription agreement amounting to 90% of the enlarged registered capital with Wulian Xinneng Waste Power Plant Co., Ltd. ("Wulian Xinneng"). Wulian Xinneng is incorporated in Shandong Province, China, and has a concession agreement with the government of Wulian County on the Wulian Waste Power Plant BOT project. The project is in the process of pre-construction preparation, and has a design capacity of 600 tonnes/day.

Note 1. http://www.mep.gov.cn/gkml/hbb/qt/201608/t20160808_362002.htm
2. http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/3131684/index.html

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. – cont'd

Gaining a Foothold into the Concessionary Industrial Wastewater Market

While SIIC Environment is actively focused on the investment opportunities on municipal wastewater treatment, it also seeks to acquire profitable businesses in the industrial wastewater treatment sector. The Group is optimistic of the potentials and the market demand of effective treatment of industrial water in the People's Republic of China.

In September 2016, the Company entered into a sale and purchase agreement for the acquisition of 60% of the issued and paid-up share capital of Ranhill Water (Hong Kong) Ltd. ("RWHK") for an aggregate consideration of RMB273.9 million. Incorporated in Hong Kong in November 2008, RWHK is an indirect subsidiary of Malaysian water and power conglomerate, Ranhill Holdings Berhad ("Ranhill", stock code KLSE: RANHILL). RWHK current wastewater treatment services are supplied to industrial parks in Jiangxi, Anhui, Liaoning and Henan based on concession agreements with the local governments, with a total design treatment capacity of 260,000 tonnes/day. Deploying its patented technology, it has extensive expertise in the investment and operation of industrial wastewater treatment projects.

This acquisition serves as an opportunity for the Group and Ranhill to cooperate in the People's Republic of China's industrial waste water sector and further explore the Southeast Asian market.

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$154.8 million from the share placement exercise in July 2014 ("**2014 Share Placement**"). Deployment of the net proceeds has been in accordance with the intended utilisation as stated in the announcement dated 8 July 2014. 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 2014 Share Placement has been utilised for the following purposes:

Purpose	Amount S$ 'million	Remarks
Net proceeds raised from the 2014 Share Placement in July 2014	**154.78**	
Less utilisation:		
- Payment for the Additional Investment of RMB74.5 million in Wuhan Huang-Pi Kaidi Water Services Co., Ltd.	(15.52)	Please refer to announcement made on 25 September 2014 via SGXNet.
- Payment for the purchase consideration of RMB195 million for the 12.1875% acquisition of Longjiang	(41.06)	Please refer to announcement made on 7 November 2014 via SGXNet.
- Payment for the Additional Investment of RMB150.3 million in SIIC Environment Holdings (Wuhan) Co., Ltd.	(32.68)	Please refer to announcement made on 18 November 2014 via SGXNet.
- Payment for the 70% equity of RMB124.0 million for incorporation of Yinchuan SIIC Environment Binhe Wastewater Treatment Co., Ltd. and SIIC Environment (Yinchuan) Wastewater Treatment Co., Ltd.	(26.55)	Please refer to announcement made on 17 December 2014 via SGXNet.
- Payment for the subscription of HK$155.2 million in the capital of Canvest	(26.46)	Please refer to announcement made on 29 December 2014 via SGXNet.
- Payment for the purchase consideration in relation to the Acquisition	(2.2)	Please refer to announcement made on 28 January 2016 via SGXNet.
- Payment for the additional capital injection into Dazhou Jiajing Environment Renewable Resource Co., Ltd.	(3.09)	Please refer to announcement made on 13 June 2016 via SGXNet.
- General working capital use:		Please refer to announcements made on 31 March 2016 and 13 June 2016 via SGXNet.
a. Repayment of loan obtained from SIHL Finance Limited and professional fees for the acquisition of Global Envirotech Investment Ltd.	(3.93)	
b. Repayment of bank borrowings	(1.41)	
c. Payment of operating expenses and tax expenses	(1.66)	
Balance of net proceeds raised from the 2014 Share Placement as at date of this result announcement	**0.22**	

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 2016, to be false or misleading, in any material aspect.

CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Xu Zhan
Executive Director
8 November 2016