



中信环境技术
CITIC ENVIROTECH

CITIC ENVIROTECH LTD. (Company registration number: 200306466G)

Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".

Third Quarter Financial Statement & Dividend Announcement for the Period Ended 30 September 2017

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

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.

The Group (\$'000)	3 months ended 30/9/2017	3 months ended 30/9/2016	% Increase/ (Decrease)	9 months ended 30/9/2017	9 months ended 30/9/2016	% Increase/ (Decrease)
Revenue	273,879	137,096	99.8	522,014	376,536	38.6
Other income	1,319	2,491	(47.0)	20,636	8,883	132.3
Changes in inventories	1,952	575	239.5	8,713	5,464	59.5
Material purchased, consumables used and subcontractors' fees	(158,531)	(78,424)	102.1	(294,124)	(195,346)	50.6
Employee benefits expense	(11,270)	(10,491)	7.4	(35,667)	(33,083)	7.8
Depreciation and amortisation expenses	(4,730)	(4,586)	3.1	(18,799)	(17,200)	9.3
Other operating expenses	(15,988)	(12,169)	31.4	(45,344)	(43,475)	4.3
Finance costs	(8,526)	(8,017)	6.3	(24,232)	(29,657)	(18.3)
Share of profit of associates	734	3,162	(76.8)	2,071	5,277	(60.8)
Profit before income tax	78,839	29,637	166.0	135,268	77,399	74.8
Income tax expense	(17,884)	(6,011)	197.5	(34,265)	(18,242)	87.8
Net profit for the period	60,955	23,626	158.0	101,003	59,157	70.7

The Group (\$'000)	3 months ended 30/9/2017	3 months ended 30/9/2016	% Increase/ (Decrease)	9 months ended 30/9/2017	9 months ended 30/9/2016	% Increase/ (Decrease)
Statement of Comprehensive Income						
Profit attributable to:						
Owners of the Company	58,757	23,108	154.3	96,785	57,958	67.0
Non-controlling interests	2,198	518	324.3	4,218	1,199	251.8
Profit for the period	60,955	23,626	158.0	101,003	59,157	70.7
Currency translation gain/(loss)	9,337	474	1,870.0	(12,002)	(59,286)	(79.8)
Total other comprehensive income for the period	9,337	474	1,870.0	(12,002)	(59,286)	(79.8)
Total comprehensive income for the period	70,292	24,100	191.7	89,001	(129)	N/M
Total comprehensive income attributable to:						
Owners of the company	68,094	23,582	188.8	84,783	(1,328)	N/M
Non-controlling interests	2,198	518	324.3	4,218	1,199	251.8
Total comprehensive income for the period	70,292	24,100	191.7	89,001	(129)	N/M

1(a)(ii) Breakdown to statement of comprehensive income

The Group (\$'000)	3 months ended 30/9/2017	3 months ended 30/9/2016	% Increase/ (Decrease)	9 months ended 30/9/2017	9 months ended 30/9/2016	% Increase/ (Decrease)
Employee share option expense	409	1,783	(77.1)	1,226	5,485	(77.7)
Interest expense on bank borrowings and finance leases	5,364	4,392	22.1	15,826	16,851	(6.1)
Interest expense on MTN bond	3,162	3,625	(12.8)	8,406	12,806	(34.4)
Interest income	(782)	(431)	81.4	(1,968)	(1,848)	6.5
Foreign currency exchange loss/(gain)	4,610	(1,118)	N/M	8,132	4,672	74.1
Loss on disposal of subsidiary	-	-	-	781	-	N/N

N/M: Not meaningful

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

	Group 30/9/2017 \$'000	Group 31/12/2016 \$'000	Company 30/9/2017 \$'000	Company 31/12/2016 \$'000
ASSETS				
Current assets:				
Cash and bank balances	439,956	493,541	69,100	110,426
Trade receivables	226,421	240,414	-	-
Service concession receivables	6,589	6,248	-	-
Other receivables and prepayments	215,502	141,233	799,198	851,053
Inventories	22,490	13,777	-	-
Prepaid leases	687	736	-	-
	911,645	895,949	868,298	961,479
Assets classified as held for sale	-	55,645	-	-
Total current assets	911,645	951,594	868,298	961,479
Non-current assets:				
Trade receivables	152,973	25,036	-	-
Service concession receivables	658,670	597,191	-	-
Other receivables and prepayments	15,292	15,577	-	-
Prepaid leases	74,613	39,996	-	-
Subsidiaries	-	-	549,565	413,323
Associates	27,368	17,807	10,588	10,588
Property, plant and equipment	613,608	374,470	137	182
Goodwill	255,365	255,365	-	-
Intangible assets	306,685	271,894	200	200
Deferred tax assets	1,091	1,111	-	-
Total non-current assets	2,105,665	1,598,447	560,490	424,293
Total assets	3,017,310	2,550,041	1,428,788	1,385,772
LIABILITIES AND EQUITY				
Current liabilities:				
Bank loans	65,752	76,499	-	-
Trade payables	464,139	310,048	-	-
Other payables	90,345	79,410	23,140	15,064
Finance leases	147	161	17	17
Medium term notes	224,269	-	224,269	-
Income tax payable	39,307	30,534	-	-
	883,959	496,652	247,426	15,081
Liabilities directly associated with assets classified as held for sale	-	31,953	-	-
Total current liabilities	883,959	528,605	247,426	15,081
Non-current liabilities:				
Bank loans	509,828	256,868	-	-
Finance leases	118	169	53	66
Medium term notes	-	223,449	-	223,449
Deferred tax liabilities	49,867	45,432	-	-
Total non-current liabilities	559,813	525,918	53	223,515

	Group 30/9/2017 \$'000	Group 31/12/2016 \$'000	Company 30/9/2017 \$'000	Company 31/12/2016 \$'000
Capital, reserves and non-controlling interests:				
Share capital	616,508	608,063	616,508	608,063
Perpetual capital securities	481,250	481,250	481,250	481,250
General reserve	7,414	7,414	-	-
Capital reserve	2,096	2,096	-	-
Share option reserve	24,098	27,782	24,098	27,782
Currency translation reserve	(24,001)	(11,999)	(3,879)	7,160
Retained earnings	318,695	264,385	63,332	22,921
Equity attributable to owners of the Company	1,426,060	1,378,991	1,181,309	1,147,176
Non-controlling interests	147,478	116,527	-	-
Total equity	1,573,538	1,495,518	1,181,309	1,147,176
Total liabilities and equity	3,017,310	2,550,041	1,428,788	1,385,772

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

<u>As at 30/9/2017</u>		<u>As at 31/12/2016</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
65,899	224,269	76,660	-

Amount repayable after one year

<u>As at 30/9/2017</u>		<u>As at 31/12/2016</u>	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
509,946	-	257,037	223,449

Details of any collateral

1. The finance leases of \$265,000 (31 December 2016: \$330,000) was secured over the Group's motor vehicles.
2. The bank loans of \$575,580,000 (31 December 2016: \$333,367,000) were secured over the concession receivables, intangible assets, treatment plants, prepaid lease and leasehold buildings of its subsidiaries.

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.

	3 months ended 30/9/2017	3 months ended 30/9/2016	9 months ended 30/9/2017	9 months ended 30/9/2016
The Group (\$'000)				
Operating activities				
Profit before income tax	78,839	29,637	135,268	77,399
Adjustments for:				
Interest income	(782)	(431)	(1,968)	(1,848)
Interest expense	8,526	8,017	24,232	29,657
Share of profit of associates	(734)	(3,162)	(2,071)	(5,277)
Depreciation and amortization	4,730	4,586	18,799	17,200
Share option expense	409	1,783	1,226	5,485
Loss on disposal of subsidiary	-	-	781	-
Exchange difference arising on foreign currency translation	8,070	14,532	22,268	(48,647)
Operating profit before working capital changes	99,058	54,962	198,535	73,969
Trade receivables	(85,942)	(3,482)	(114,815)	(61,667)
Other receivables	14,300	18,214	(22,246)	108,995
Inventories	(1,952)	(572)	(8,713)	(5,461)
Trade payables	124,338	106,942	154,090	136,633
Other payables	1,300	(11,353)	4,886	(16,485)
Cash generated from operations	151,102	164,711	211,737	235,984
Interest received	782	431	1,968	1,848
Interest paid	(5,712)	(1,636)	(20,776)	(21,115)
Income tax paid	(4,414)	(5,062)	(12,543)	(11,038)
Net cash generated from operating activities	141,758	158,444	180,386	205,679
Investing activities				
Addition to property, plant and equipment	(199,151)	(123,967)	(320,879)	(200,449)
Addition to service concession receivables	(40,762)	-	(40,762)	(134,206)
Addition to intangible assets	(28,896)	(26,226)	(34,795)	(29,564)
Addition to prepaid lease	(11,416)	(1,365)	(35,985)	(5,728)
Addition to deposit for investment projects	(583)	-	(51,625)	-
Investment in associate	-	-	(7,491)	-
Contribution from non-controlling shareholders	22,002	3,066	28,049	3,479
Acquisition of non-controlling shareholders in a subsidiary	-	-	(1,316)	-
Disposal of subsidiary	-	-	21,717	-
Net cash used in investing activities	(258,806)	(148,492)	(443,087)	(366,468)
Financing activities				
Dividend paid	-	-	(36,360)	(10,640)
Proceeds from issuance of perpetual capital securities, net of expenses	-	245,775	-	245,775
New bank loans raised	22,315	34,022	303,546	126,496
Proceeds from issuing new shares	-	90	6,748	90
Share buy-back and cancellation of shares	-	-	(3,213)	-
Redemption of medium term notes	-	(99,000)	-	(99,000)
Repayment of obligations under finance leases	(26)	(20)	(65)	(84)
Repayment of bank borrowings	(6,839)	(10,478)	(47,991)	(225,175)
Net cash generated from financing activities	15,450	170,389	222,665	37,462

	3 months ended 30/9/2017	3 months ended 30/9/2016	9 months ended 30/9/2017	9 months ended 30/9/2016
The Group (\$'000)				
Net (decrease) increase in cash and cash equivalents	(101,598)	180,341	(40,036)	(123,327)
Cash and cash equivalents at beginning of period	539,617	226,095	493,541	540,466
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	1,937	177	(13,549)	(10,526)
Cash and cash equivalents at end of period	439,956	406,613	439,956	406,613

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.

	Share capital \$'000	Perpetual capital securities \$'000	General reserve \$'000	Capital reserve \$'000	Share option reserves \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total equity attributable to owners of the Company \$'000	Non controlling interests \$'000	Total equity \$'000
Group										
At 1 January 2017	608,063	481,250	7,414	2,096	27,782	(11,999)	264,385	1,378,991	116,527	1,495,518
Total comprehensive income for the period	-	-	-	-	-	(23,151)	17,026	(6,125)	792	(5,333)
Recognition of share based payment	-	-	-	-	408	-	-	408	-	408
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	946	946
Share buy-back and cancellation of shares	(3,213)	-	-	-	-	-	-	(3,213)	-	(3,213)
Dividend payable	-	-	-	-	-	-	(6,147)	(6,147)	-	(6,147)
At 31 March 2017	604,850	481,250	7,414	2,096	28,190	(35,150)	275,264	1,363,914	118,265	1,482,179
Total comprehensive income for the period	-	-	-	-	-	1,812	21,002	22,814	1,228	24,042
Recognition of share based payment	-	-	-	-	409	-	-	409	-	409
Acquisition/ Incorporation of subsidiaries	-	-	-	-	-	-	-	-	3,785	3,785
Issuance of shares on exercise of ESOS	11,658	-	-	-	(4,910)	-	-	6,748	-	6,748
Dividend paid/payable	-	-	-	-	-	-	(29,523)	(29,523)	-	(29,523)
At 30 June 2017	616,508	481,250	7,414	2,096	23,689	(33,338)	266,743	1,364,362	123,278	1,487,640
Total comprehensive income for the period	-	-	-	-	-	9,337	58,757	68,094	2,198	70,292
Acquisition/ Incorporation of subsidiaries	-	-	-	-	-	-	-	-	22,002	22,002
Recognition of share based payment	-	-	-	-	409	-	-	409	-	409
Dividend payable	-	-	-	-	-	-	(6,805)	(6,805)	-	(6,805)
At 30 September 2017	616,508	481,250	7,414	2,096	24,098	(24,001)	318,695	1,426,060	147,478	1,573,538

	Share capital \$'000	Perpetual capital securities \$'000	General reserve \$'000	Capital reserve \$'000	Share option reserves \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total equity attributable to owners of the Company \$'000	Non controlling interests \$'000	Total equity \$'000
Group										
At 1 January 2016	607,973	242,055	5,330	2,096	20,445	29,878	193,971	1,101,748	39,008	1,140,756
Total comprehensive income for the period	-	-	-	-	-	(24,868)	12,061	(12,807)	252	(12,555)
Recognition of share-based payment	-	-	-	-	2,310	-	-	2,310	-	2,310
Dividend payable	-	-	-	-	-	-	(3,339)	(3,339)	-	(3,339)
At 31 March 2016	607,973	242,055	5,330	2,096	22,755	5,010	202,693	1,087,912	39,260	1,127,172
Total comprehensive income for the period	-	-	-	-	-	(34,892)	22,789	(12,103)	429	(11,674)
Recognition of share-based payment	-	-	-	-	1,392	-	-	1,392	-	1,392
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	413	413
Dividend paid/payable	-	-	-	-	-	-	(9,422)	(9,422)	-	(9,422)
At 30 June 2016	607,973	242,055	5,330	2,096	24,147	(29,882)	216,060	1,067,779	40,102	1,107,881
Total comprehensive income for the period	-	-	-	-	-	474	23,108	23,582	518	24,100
Issuance of perpetual capital securities	-	245,775	-	-	-	-	-	245,775	-	245,775
Issuance of shares on exercise of ESOS	90	-	-	-	(68)	-	-	22	-	22
Recognition of share-based payment	-	-	-	-	1,851	-	-	1,851	-	1,851
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	3,066	3,066
Dividend paid/payable	-	-	-	-	-	-	(5,318)	(5,318)	-	(5,318)
At 30 September 2016	608,063	487,830	5,330	2,096	25,930	(29,408)	233,850	1,333,691	43,686	1,377,377

	Share capital \$'000	Perpetual capital securities \$'000	Share option reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total \$'000
<u>Company</u>						
At 1 January 2017	608,063	481,250	27,782	7,160	22,921	1,147,176
Total comprehensive income for the period	-	-	-	(11,539)	(8,080)	(19,619)
Recognition of share-based payment	-	-	408	-	-	408
Share buy-back and cancellation of shares	(3,213)	-	-	-	-	(3,213)
Dividend payable	-	-	-	-	(6,147)	(6,147)
At 31 March 2017	604,850	481,250	28,190	(4,379)	8,694	1,118,605
Total comprehensive income for the period	-	-	-	500	(5,872)	(5,372)
Recognition of share-based payment	-	-	409	-	-	409
Issuance of shares on exercise of ESOS	11,658	-	(4,910)	-	-	6,748
Dividend paid/payable	-	-	-	-	(29,523)	(29,523)
At 30 June 2017	616,508	481,250	23,689	(3,879)	(26,701)	1,090,867
Total comprehensive income for the period	-	-	-	-	96,838	96,838
Recognition of share-based payment	-	-	409	-	-	409
Dividend payable	-	-	-	-	(6,805)	(6,805)
At 30 September 2017	616,508	481,250	24,098	(3,879)	63,332	1,181,309

	Share capital \$'000	Perpetual capital securities \$'000	Share option reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total \$'000
<u>Company</u>						
At 1 January 2016	607,973	242,055	20,445	4,415	4,353	879,241
Total comprehensive income for the period	-	-	-	(13,196)	(13,521)	(26,717)
Recognition of share-based payment	-	-	2,310	-	-	2,310
Dividend payable	-	-	-	-	(3,339)	(3,339)
At 31 March 2016	607,973	242,055	22,755	(8,781)	(12,507)	851,495
Total comprehensive income for the period	-	-	-	(446)	(9,512)	(9,958)
Recognition of share-based payment	-	-	1,392	-	-	1,392
Dividend paid/payable	-	-	-	-	(9,422)	(9,422)
At 30 June 2016	607,973	242,055	24,147	(9,227)	(31,441)	833,507
Total comprehensive income for the period	-	-	-	451	(3,831)	(3,380)
Issuance of perpetual capital securities	-	245,775	-	-	-	245,775
Issuance of shares on exercise of ESOS	90	-	(68)	-	-	22
Recognition of share-based payment	-	-	1,851	-	-	1,851
Dividend paid/payable	-	-	-	-	(5,318)	(5,318)
At 30 September 2016	608,063	487,830	25,930	(8,776)	(40,590)	1,072,457

- 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 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.**

The total number of shares that may be issued on conversion of all the outstanding employee shares options were 86,256,200 (30 September 2016: 107,185,000 (pre-share split basis: 53,592,500)).

The perpetual capital securities comprised USD355 million (30 September 2016: USD355 million) issued at 5.45% per annum.

Subsequent to the financial period ended 30 September 2017, the company issued perpetual capital securities amounted to S\$240 million at 3.9% per annum.

- 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.**

	30/9/2017	31/12/2016
Total number of issues shares ('000)	2,272,726	2,255,856
		1,127,928 (<i>pre-share split basis</i>)

The company does not have any treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

- 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 as at the end of the current financial period reported on.

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

The figures have not been audited or reviewed.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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 accounting policies and methods of computation are the same as in the Company's audited consolidated financial statements for the financial year ended 31 December 2016.

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.

There is no change in the accounting policies and methods of computation.

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

	Group 3 months ended 30/9/2017	Group 3 months ended 30/9/2016	Group 9 months ended 30/9/2017	Group 9 months ended 30/9/2016
Net profit attributable to shareholders of the Company (\$'000)	58,757	23,108	96,785	57,958
Weighted average number of shares in issue (in '000) for computation of Basic EPS - Post share split	2,265,234	2,255,738	2,265,234	2,255,600
Earnings per share (cents) - Basic	2.59	1.02	4.27	2.57
Weighted average number of shares in issue (in '000) for computation of Diluted EPS - Post share split	2,351,490	2,362,924	2,351,490	2,362,786
Earnings per share (cents) – Diluted	2.50	0.98	4.12	2.45

	Group 3 months ended 30/9/2017	Group 3 months ended 30/9/2016	Group 9 months ended 30/9/2017	Group 9 months ended 30/9/2016
Adjusted EPS				
Net profit attributable to shareholders of the Company adjusted for dividends attributable to perpetual capital securities (\$'000)	51,952	17,790	77,037	45,962
Weighted average number of shares in issue (in '000) for computation of Basic EPS - Post share split	2,265,234	2,255,738	2,265,234	2,255,600
Earnings per share (cents) - Basic	2.29	0.79	3.40	2.04
Weighted average number of shares in issue (in '000) for computation of Diluted EPS - Post share split	2,351,490	2,362,924	2,351,490	2,362,786
Earnings per share (cents) – Diluted	2.21	0.75	3.28	1.95

For the purpose of calculating diluted EPS, assumption was made that all the employee share options will be converted to ordinary shares.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**
 (a) **current financial period reported on; and**
 (b) **immediately preceding financial year.**

	Group 30/9/2017	Group 31/12/2016	Company 30/9/2017	Company 31/12/2016
Net asset value (\$'000)	1,573,538	1,495,518	1,181,309	1,147,176
Net asset value per share (cents)	69.24	66.29	51.98	50.85

The net asset value per share is calculated based on the issued share capital of 2,272,726,276 (31 December 2016: 2,255,855,176 (pre-share split basis: 1,127,927,588)).

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 affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Statement of comprehensive income

The Group's revenue for the current period was \$273.9 million, which was \$136.8 million or 99.8% higher than the last corresponding period ended 30 September 2016 of \$137.1 million. The breakdown of the revenue was as follows:

	Group 3 months ended 30/9/2017 \$'million	Group 3 months ended 30/9/2016 \$'million	% increase/ (decrease)
Engineering revenue	226.0	83.0	172.3
Treatment revenue	44.6	39.8	12.1
Membrane sale	3.3	14.3	(76.9)
Total	273.9	137.1	99.8

The increase was mainly due to the increase in engineering business from \$83.0 million to \$226.0 million, representing an increase of \$143.0 million or 172.3%; and treatment revenue from \$39.8 million to \$44.6 million, representing an increase of \$4.8 million or 12.1%.

Gross profit analysis for engineering and membrane segments

	Group 3 months ended 30/9/2017 \$'million	Group 3 months ended 30/9/2016 \$'million
Engineering revenue	226.0	83.0
Membrane sale	3.3	14.3
Total	229.3	97.3
Changes in inventories	4.2	0.5
Material purchased, consumables used and subcontractors' fees *	(150.9)	(69.3)
Gross profit	82.6	28.5
GP margin (%)	36.0	29.3

** Material purchased, consumables used and subcontractors' fees related to engineering and membrane division only.*

Materials purchased, consumables used and subcontractors' fees increased to \$158.5 million from \$78.4 million, representing an increase of \$80.1 million or 102.1% as compared to the last corresponding period ended 30 September 2016. The increase was mainly due to increase in engineering business from \$83.0 million to \$226.0 million, representing an increase of \$143.0 million or 172.3% as compared to the last corresponding period ended 30 September 2016.

Gross profit margin increased from 29.3% to 36.0% for the current financial period. The increase was mainly due to better gross profit margin for certain engineering projects recognized during the period.

Other operating expenses increased to \$16.0 million from \$12.2 million, representing an increase of \$3.8 million or 31.4% as compared to the last corresponding period ended 30 September 2016. The increase was mainly due to higher net foreign currency exchange loss of \$4.6 million during the period (30 September 2016: net foreign currency exchange gain \$1.1 million).

The Group generated a net profit of \$101.0 million for the 9-month period ended 30 September 2017 as compared to \$59.2 million for the last corresponding period ended 30 September 2016, representing an increase of \$41.8 million or 70.7%.

Statement of financial position

The Group's current assets increased to \$911.6 million as at 30 September 2017 from \$951.6 million as at 31 December 2016. The increase was mainly due to the increase of \$74.3 million in other receivables from \$141.2 million as at 31 December 2016 to \$215.5 million as at 30 September 2017. The increase was mainly due to the addition of deposits for investment projects of \$51.6 million.

The Group's non-current assets increased from \$1,598.4 million as at 31 December 2016 to \$2,105.7 million as at 30 September 2017. The Increase was mainly due to additions to property, plant and equipment of \$320.9 million, additions to prepaid lease of \$36.0 million during the period; and increase of \$128.0 million in non-current trade receivables from \$25.0 million as at 31 December 2016 to \$153.0 million as at 30 September 2017. The non-current trade receivables arose mainly from Build-Transfer ("BT") projects.

The Group's current liabilities increased from \$528.6 million as at 31 December 2016 to \$884.0 million as at 30 September 2017. The increase was mainly due to the increase of \$165.0 million in trade and other payables from \$389.5 million as at 31 December 2016 to \$554.5 million as at 30 September 2017; and reclassification of MTN notes from non-current to current, which will be due in April 2018.

The Group's non-current liabilities increased from \$525.9 million as at 31 December 2016 to \$559.8 million as at 30 September 2017. The increase was mainly due to the additions of longer-tenure bank loan of \$253.0 million to finance the acquisition of investment projects during the period. The increase was partially offset by the reclassification of MTN notes from non-current to current, which will be due in April 2018.

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 has gained significant traction in securing more projects in its water investment as well as engineering businesses.

In addition, the Group has been providing more comprehensive environmental services in river restoration, hazardous waste, sludge management and integrated environmental services. With the Chinese government's push towards protecting environment, it is anticipated that these new business segments will form the next growth driver for the Group. During the last quarter ended 30 September 2017, CEL continued to win projects in these new business areas by securing two hazardous waste projects in Huizhou City, Guangdong Province and Binzhou City, Shandong Province, with the total investment of RMB 365 million and RMB 315 million respectively. In September 2017, the Group also invested RMB378 million in an integrated environment service project in Qingyuan City, Guangdong Province, to provide water and wastewater treatment services and supply of electricity and steam. These project wins will contribute positively to the revenue for the Group in the coming year.

The Group has been actively exploring various fund raising options for its investments and operations. In October 2017, the Group successfully raised SGD 240,000,000 perpetual capital securities under its USD 1.5 billion Multicurrency Perpetual Securities Issuance Programme. The launch of the securities saw strong demands with order book of over SGD1.4 billion, which enabled CEL to tighten the coupon to 3.9%. This marks the Group's lowest funding cost to-date in the bond/perpetual capital securities market and is a testament to CEL's strong parentage and excellent track record.

Update of the use of proceeds

	\$ million
Unutilised balance as at last quarterly announcement	51
Investment in Ningbo	(2)
Investment in Binzhou	(10)
Investment in Qingyuan	(39)
Unutilised balance as at date of announcement	-

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

Name of Dividend	N/A
Dividend Type	N/A
Dividend Amount per Share (in cents)	N/A
Optional:- Dividend Rate (in %)	N/A
Par value of shares	N/A
Tax Rate	N/A

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

Name of Dividend	N/A
Dividend Type	N/A
Dividend Amount per Share (in cents)	N/A
Optional:- Dividend Rate (in %)	N/A
Par value of shares	N/A
Tax Rate	N/A

(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/recommended.

13. Related parties and interested person transactions

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

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

Not Applicable

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not Applicable

16. A breakdown of sales.

Not Applicable

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not Applicable

18. Persons occupying managerial positions who are related to the directors, Chief Executive Officer or substantial shareholders

Not applicable

19. 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.

Statement by Directors

Pursuant to SGX Listing Rule 705(5)

To the best of our knowledge and belief, nothing has come to the attention of the Directors of the Company which may render the Third Quarter Results of the Group for the period ended 30 September 2017 to be false or misleading. The financial statements and other information included in this report, present fairly in all material respects the financial condition, results of operations and cash flows of the Group of, and for the periods presented in this report.

On behalf of the Board

Mr Hao Weibao
Director

Dr Lin Yucheng
Director

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company secretary
2 November 2017