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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 Condensed Interim Financial Statements and Dividend Announcement for the Third Quarter and Nine Months ended 30 September 2021

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

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

By Order of the Board
SIIC Environment Holdings Ltd.
Mr. Yang Jianwei
Executive Director

Singapore and Hong Kong, 8 November 2021

As at the date of this announcement, the non-executive Chairman is Mr. Zhou Jun; the executive Directors are Mr. Yang Jianwei, Mr. Zhu Dazhi, Mr. Xu Xiaobing, Mr. Huang Hanguang and Mr. Zhao Youmin; and the independent non-executive Directors are Mr. Yeo Guat Kwang, Mr. An Hongjun and Mr. Zhong Ming.

** For identification purpose only*



SIIC ENVIRONMENT HOLDINGS LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No: 200210042R)

Unaudited Condensed Interim Financial Statements and
Dividend Announcement for the Third Quarter and
Nine Months ended 30 September 2021

8 November 2021

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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 2021 Financial Statements And Dividend Announcement

Business Review

The board of SIIC Environment Holdings Ltd. (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “Group”) for the nine months ended 30 September 2021 (“9MFY2021”). The Group’s net profit attributable to shareholders for the period amounted to RMB513.8 million, an increase of 15.5% year-on-year.

This performance was on the back of a 22.3% increase in revenue to RMB5.07 billion as supported by the increase in operating and maintenance income from service concession arrangement and construction revenue arising from the higher amount of construction activities in progress. Gross profit rose 20.2% to RMB1.77 billion, mainly driven by the increase in wastewater treatment volume.

As at 30 September 2021, the Group’s cash and cash equivalents stood at a healthy RMB2.61 billion.

Review of Interim Results

The audit committee has reviewed the Company’s unaudited consolidated interim results for the nine months ended 30 September 2021.

Corporate Governance

The Company has complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of the Hong Kong Limited (the “Stock Exchange”) throughout the nine months ended 30 September 2021.

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.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	← Group →					
		3 Months Ended		Changes	9 Months Ended		Changes
		30.9.21 (Unaudited)	30.9.20 (Unaudited)		30.9.21 (Unaudited)	30.9.20 (Unaudited)	
		RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	5	1,771,613	1,506,535	17.6	5,071,623	4,146,171	22.3
Cost of sales		(1,155,653)	(946,525)	22.1	(3,297,851)	(2,670,334)	23.5
Gross profit		615,960	560,010	10.0	1,773,772	1,475,837	20.2
Other income		42,963	42,440	1.2	131,788	165,372	(20.3)
Other gains and losses		(734)	11,458	(106.4)	17,513	11,649	50.3
Selling and distribution costs		(20,500)	(19,529)	5.0	(60,288)	(52,505)	14.8
Administrative expenses		(125,663)	(117,441)	7.0	(339,516)	(292,627)	16.0
Finance expenses		(160,621)	(171,203)	(6.2)	(508,923)	(525,203)	(3.1)
Share of results of joint ventures		10,828	10,144	6.7	23,187	27,442	(15.5)
Share of results of associates		1,376	(190)	N.M.	3,502	2,448	43.1
Profit before tax		363,609	315,689	15.2	1,041,035	812,413	28.1
Income tax expense	6	(94,554)	(84,409)	12.0	(243,000)	(189,828)	28.0
Profit for the period	7	269,055	231,280	16.3	798,035	622,585	28.2
Other comprehensive income:							
<i>Items that will not be reclassified subsequently to profit or loss:</i>							
Exchange difference arising from translation		11,822	92,200	(87.2)	25,895	47,527	(45.5)
Fair value change on investments in equity instruments designated as at FVTOCI		2,315	2,339	(1.0)	2,493	4,158	(40.0)
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Exchange differences arising from translation of foreign operations		1,103	1,756	(37.2)	25,846	8,005	222.9
Total other comprehensive income for the period, net of tax		15,240	96,295	(84.2)	54,234	59,690	(9.1)
Total comprehensive income for the period		284,295	327,575	(13.2)	852,269	682,275	24.9
Profit for the period attributable to:							
Owners of the Company		181,061	163,491	10.7	513,802	444,730	15.5
Non-controlling interests		87,994	67,789	29.8	284,233	177,855	59.8
		269,055	231,280	16.3	798,035	622,585	28.2
Total comprehensive income attributable to:							
Owners of the Company		196,301	259,786	(24.4)	568,036	504,420	12.6
Non-controlling interests		87,994	67,789	29.8	284,233	177,855	59.8
		284,295	327,575	(13.2)	852,269	682,275	24.9
Earnings per share for profit for the period attributable to the owners of the Company during the period:							
-Basic (RMB in cent)		7.03	6.28	11.9	19.89	17.09	16.4
-Diluted (RMB in cent)		7.03	6.28	11.9	19.89	17.09	16.4

N.M. – Not Meaningful

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

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		As at 30.9.21 (Unaudited)	As at 31.12.20 (Audited)	As at 30.9.21 (Unaudited)	As at 31.12.20 (Audited)
		RMB'000	RMB'000	RMB'000	RMB'000
Current assets					
Cash and cash equivalents		2,611,421	2,668,525	121,876	94,528
Pledged bank deposits		117,285	161,729	-	-
Trade and other receivables	8	3,363,004	2,633,585	1,034	1,075
Bills receivables		4,150	3,617	-	-
Prepayments		63,238	71,565	2,431	-
Inventories		236,460	221,390	-	-
Receivables under service concession arrangements - current portion	9	664,374	677,871	-	-
Amounts due from customers for contract work		186,817	69,317	-	-
Amounts due from subsidiaries		-	-	3,487,117	1,680,734
Amounts due from joint venture		12	137	12	137
Amounts due from associate		10,902	10,902	-	-
Financial assets at fair value through profit or loss		9,317	3,167	-	-
Assets classified as held for sale		-	210,952	-	-
Total current assets		7,266,980	6,732,757	3,612,470	1,776,474
Non-current assets					
Financial assets at fair value through other comprehensive income		27,685	26,433	-	-
Prepayments		211,584	159,036	-	-
Receivables under service concession arrangements – non-current portion	9	20,266,753	19,306,418	-	-
Property, plant and equipment		351,743	324,656	74	100
Right-of-use assets		45,866	47,451	10,095	8,436
Intangible assets	10	6,598,119	6,631,481	-	-
Long term receivables		351,986	351,109	-	-
Deferred tax assets		65,138	67,518	-	-
Investment in subsidiaries		-	-	5,330,456	5,500,122
Interest in joint ventures		512,821	523,961	313,783	326,334
Interest in associates		127,799	99,496	-	-
Goodwill on consolidation		457,241	457,241	-	-
Amounts due from associates		23,228	24,074	-	-
Total non-current assets		29,039,963	28,018,874	5,654,408	5,834,992
Total assets		36,306,943	34,751,631	9,266,878	7,611,466

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. – cont'd

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION – cont'd

	Note	Group		Company	
		As at 30.9.21 (Unaudited)	As at 31.12.20 (Audited)	As at 30.9.21 (Unaudited)	As at 31.12.20 (Audited)
		RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities					
Trade and other payables	11	3,984,583	3,764,190	79,640	43,976
Bills payable to banks		57,917	45,342	-	-
Tax payable		136,612	165,727	-	-
Amounts due to customers for contract work		55,882	41,619	-	-
Amounts due to subsidiaries		-	-	213,995	222,383
Bank and other borrowings	12	4,008,537	4,710,362	1,401,519	1,056,928
Lease liabilities		8,560	10,598	4,774	6,946
Liabilities directly associated with assets classified as held for sale		-	151,884	-	-
Total current liabilities		8,252,091	8,889,722	1,699,928	1,330,233
Non-current liabilities					
Bank and other borrowings	12	11,913,430	10,542,101	1,495,523	-
Deferred tax liabilities		2,220,191	2,089,843	-	-
Other non-current liabilities		179,810	174,914	-	-
Lease liabilities		33,836	33,052	5,581	1,925
Total non-current liabilities		14,347,267	12,839,910	1,501,104	1,925
Capital, reserves and non-controlling interests					
Share capital	13	5,920,175	5,947,420	5,920,175	5,947,420
Retained earnings		3,085,542	2,805,242	211,988	156,405
Other reserves		276,805	175,112	(66,317)	175,483
Equity attributable to owners of the Company		9,282,522	8,927,774	6,065,846	6,279,308
Non-controlling interests		4,425,063	4,094,225	-	-
Total equity		13,707,585	13,021,999	6,065,846	6,279,308
Total liabilities and equity		36,306,943	34,751,631	9,266,878	7,611,466

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:-

Please refer to Note 12 to the Condensed Interim Consolidated Financial Statements.

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.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group		Group	
	For 3 Months Ended		For 9 Months Ended	
	30.9.21 (unaudited) RMB'000	30.9.20 (unaudited) RMB'000	30.9.21 (unaudited) RMB'000	30.9.20 (unaudited) RMB'000
Operating activities:				
Profit before tax	363,609	315,689	1,041,035	812,413
Adjustments for:				
Loss allowance for trade receivables, net	2,360	446	4,650	2,006
Loss allowance for non-trade receivables, net	-	-	106	-
Depreciation of property, plant and equipment	10,027	8,851	27,669	27,336
Amortisation of intangible assets	81,276	74,342	239,728	223,260
Depreciation of right-of-use asset	2,760	1,754	8,279	5,262
Loss on disposal of property, plant and equipment	25	4	18	48
Gain on disposal of intangible assets	(25)	-	(30)	-
Gain on disposal of financial asset held at fair value through other comprehensive income	-	(9,147)	-	(9,953)
Gain on disposal of an associate	-	-	-	(1,678)
Gain on disposal of a subsidiary	-	-	(23,566)	(48)
Gain on bargain purchase arising from acquisition of a subsidiary	(6,512)	-	(6,512)	-
Finance income	(11,109)	(5,289)	(23,894)	(16,212)
Finance expenses	160,621	171,203	508,923	525,203
Share of results of associates	(1,376)	190	(3,502)	(2,448)
Share of results of joint ventures	(10,828)	(10,144)	(23,187)	(27,442)
Fair value (gain)/loss on financial assets at fair value through profit and loss	(118)	204	356	474
Operating cash flows before working capital changes	590,710	548,103	1,750,073	1,538,221
(Increase)/Decrease in:				
Inventories	(15,387)	(19,894)	(15,070)	(42,286)
Amounts due from/to customers for contract work, net	(27,226)	(1,426)	(103,237)	(94,559)
Trade receivables, other receivables and prepayments	61,423	(127,154)	(560,634)	(346,130)
Bills receivables	4,268	2,061	(533)	5,083
Amounts due from joint ventures	(525)	306	125	917
Amounts due from associates	3,453	35,780	4,510	32,842
Increase/(Decrease) in:				
Trade and other payables (inclusive of non-current liabilities)	(92,858)	354,058	133,168	153,883
Bills payable to banks	20,347	22,371	12,575	(17,273)
Cash from operating activities before service concession arrangement projects	544,205	814,205	1,220,977	1,230,698
Change in receivables under service concession arrangements (Note A)	(237,598)	(431,922)	(928,133)	(1,144,141)
Cash generated from operating activities after service concession arrangement projects	306,607	382,283	292,844	86,557
Interest received	10,548	4,600	19,640	10,317
Income tax refund	-	-	-	5,154
Income tax paid	(47,883)	(26,304)	(146,288)	(112,260)
Net cash generated from/(used in) operating activities	269,272	360,579	166,196	(10,232)

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS – cont'd

	Group		Group	
	For 3 Months Ended		For 9 Months Ended	
	30.9.21 (unaudited)	30.9.20 (unaudited)	30.9.21 (unaudited)	30.9.20 (unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Investing activities:				
Purchase of property, plant and equipment	(4,545)	(17,469)	(35,122)	(28,238)
Purchase of intangible assets, net of amount on credit terms	(8,643)	(37,822)	(143,953)	(114,249)
Movement in prepayment for property, plant and equipment and intangible assets, net	(3,096)	(139,515)	(14,548)	(192,507)
Proceeds from disposal of property, plant and equipment	4	36	197	50
Proceeds from disposal of intangible assets	26	-	31	-
Proceeds from disposal of financial assets at FVTOCI	-	19,996	-	23,196
Net cash inflow/(outflow) on acquisition of a subsidiary (Note 16)	14,500	-	(51,801)	-
Net cash inflow on disposal of a subsidiary (Note 17)	-	6,603	26,986	5,972
Net cash inflow from disposal of an associate	-	-	-	4,160
Dividend received from associates	19,257	18,972	19,257	19,172
Net cash generated from/(used in) investing activities	17,503	(149,199)	(198,953)	(282,444)
Financing activities:				
Proceeds from bank and other borrowings	886,348	1,753,625	4,113,699	3,108,141
Repayment of bank and other borrowings	(938,984)	(1,094,508)	(3,484,949)	(2,371,351)
Interest paid	(147,532)	(167,540)	(481,736)	(510,763)
Principal and interest elements of lease payments	(3,184)	(2,048)	(9,552)	(6,142)
Share buy-back	-	-	(27,245)	-
Dividend paid to equity shareholders	(61,137)	(131,989)	(186,043)	(131,989)
Dividend paid to non-controlling interest in subsidiaries	(3,945)	-	(13,615)	(15,840)
Contribution from non-controlling interests upon additional capital injection in a subsidiary	21,505	-	46,705	32,150
(Increase)/Decrease in pledged banks deposits	(9,305)	(43,568)	44,444	137,822
Net cash (used in)/generated from financing activities	(256,234)	313,972	1,708	242,028
Net increase/(decrease) in cash and cash equivalents	30,541	525,352	(31,049)	(50,648)
Cash and cash equivalents at beginning of period	2,617,628	1,800,467	2,668,525	2,374,770
Effects of exchange rate changes on cash and cash equivalents	(36,748)	(8,103)	(26,055)	(6,406)
Cash and cash equivalents at end of period	2,611,421	2,317,716	2,611,421	2,317,716

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS – cont'd

	Group For 3 Months Ended		Group For 9 Months Ended	
	30.9.21 (unaudited)	30.9.20 (unaudited)	30.9.21 (unaudited)	30.9.20 (unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents at end of period				
Cash and bank balances	2,728,706	2,414,566	2,728,706	2,414,566
Less: Pledged bank deposits	(117,285)	(96,850)	(117,285)	(96,850)
Cash and cash equivalents	2,611,421	2,317,716	2,611,421	2,317,716

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 and waste incineration facilities for 9MFY2021 and 3QFY2021 respectively.

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

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

GROUP				Effects of changes in ownership interest in subsidiaries where there is no change in control					Equity attributable to owners of the Company		
	Share capital	Retained earnings	Other reserves, total	General reserve	Investment revaluation reserve	Translation reserve	Merger reserve	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	
Balance at 1.1.21 (audited)	5,947,420	2,805,242	175,112	405,422	(10,248)	(9,581)	(10,166)	(200,315)	8,927,774	4,094,225	13,021,999
Profit for the period	-	160,116	-	-	-	-	-	-	160,116	80,450	240,566
<u>Other comprehensive income</u>											
Exchange differences arising on translation	-	-	(22,919)	-	-	(22,919)	-	-	(22,919)	-	(22,919)
Exchange differences arising on translation of foreign operations	-	-	15,979	-	-	15,979	-	-	15,979	-	15,979
Fair value change on investments in equity instruments designated as at FVTOCI	-	-	(751)	-	(751)	-	-	-	(751)	-	(751)
Other comprehensive income for the period, net of tax	-	-	(7,691)	-	(751)	(6,940)	-	-	(7,691)	-	(7,691)
Total comprehensive income for the period	-	160,116	(7,691)	-	(751)	(6,940)	-	-	152,425	80,450	232,875
<u>Transactions with owners recognised directly in equity</u>											
Transfer to general reserve	-	(15,006)	15,006	15,006	-	-	-	-	-	-	-
Total	-	(15,006)	15,006	15,006	-	-	-	-	-	-	-
<u>Others</u>											
Repurchase of shares	(23,254)	-	-	-	-	-	-	-	(23,254)	-	(23,254)
Dividend declared to non-controlling interests	-	-	-	-	-	-	-	-	-	(9,670)	(9,670)
Total	(23,254)	-	-	-	-	-	-	-	(23,254)	(9,670)	(32,924)
Balance at 31.3.21 (unaudited)	5,924,166	2,950,352	182,427	420,428	(10,999)	(16,521)	(10,166)	(200,315)	9,056,945	4,165,005	13,221,950

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

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY – cont'd

GROUP	Share capital	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
Balance at 1.4.21 (unaudited)	5,924,166	2,950,352	182,427	420,428	(10,999)	(16,521)	(10,166)	(200,315)	9,056,945	4,165,005	13,221,950
Profit for the period	-	172,625	-	-	-	-	-	-	172,625	115,789	288,414
<u>Other comprehensive income</u>											
Exchange differences arising on translation	-	-	36,992	-	-	36,992	-	-	36,992	-	36,992
Exchange differences arising on translation of foreign operations	-	-	8,764	-	-	8,764	-	-	8,764	-	8,764
Fair value change on investments in equity instruments designated as at FVTOCI	-	-	929	-	929	-	-	-	929	-	929
Other comprehensive income for the period, net of tax	-	-	46,685	-	929	45,756	-	-	46,685	-	46,685
Total comprehensive income for the period	-	172,625	46,685	-	929	45,756	-	-	219,310	115,789	335,099
<u>Transactions with owners recognised directly in equity</u>											
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	19,620	19,620
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(4,108)	(4,108)
Contribution from non-controlling interests upon additional capital injection in a subsidiary	-	-	-	-	-	-	-	-	-	25,200	25,200
Total	-	-	-	-	-	-	-	-	-	40,712	40,712
<u>Others</u>											
Repurchase of shares	(3,991)	-	-	-	-	-	-	-	(3,991)	-	(3,991)
Dividend declared to equity shareholders	-	(124,906)	-	-	-	-	-	-	(124,906)	-	(124,906)
Total	(3,991)	(124,906)	-	-	-	-	-	-	(128,897)	-	(128,897)
Balance at 30.6.21 (unaudited)	5,920,175	2,998,071	229,112	420,428	(10,070)	29,235	(10,166)	(200,315)	9,147,358	4,321,506	13,468,864

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

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY – cont'd

GROUP	Share capital	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
Balance at 1.7.21 (unaudited)	5,920,175	2,998,071	229,112	420,428	(10,070)	29,235	(10,166)	(200,315)	9,147,358	4,321,506	13,468,864
Profit for the period	-	181,061	-	-	-	-	-	-	181,061	87,994	269,055
<u>Other comprehensive income</u>											
Exchange differences arising on translation	-	-	11,822	-	-	11,822	-	-	11,822	-	11,822
Exchange differences arising on translation of foreign operations	-	-	1,103	-	-	1,103	-	-	1,103	-	1,103
Fair value change on investments in equity instruments designated as at FVTOCI	-	-	2,315	-	2,315	-	-	-	2,315	-	2,315
Other comprehensive income for the period, net of tax	-	-	15,240	-	2,315	12,925	-	-	15,240	-	15,240
Total comprehensive income for the period	-	181,061	15,240	-	2,315	12,925	-	-	196,301	87,994	284,295
<u>Transactions with owners recognised directly in equity</u>											
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	(1,997)	(1,997)
Transfer to general reserve	-	(32,453)	32,453	32,453	-	-	-	-	-	-	-
Contribution from non-controlling interests upon additional capital injection in a subsidiary	-	-	-	-	-	-	-	-	-	21,505	21,505
Total	-	(32,453)	32,453	32,453	-	-	-	-	-	19,508	19,508
<u>Others</u>											
Dividend declared to equity shareholders	-	(61,137)	-	-	-	-	-	-	(61,137)	-	(61,137)
Dividend declared to non-controlling interests	-	-	-	-	-	-	-	-	-	(3,945)	(3,945)
Total	-	(61,137)	-	-	-	-	-	-	(61,137)	(3,945)	(65,082)
Balance at 30.9.21 (unaudited)	5,920,175	3,085,542	276,805	452,881	(7,755)	42,160	(10,166)	(200,315)	9,282,522	4,425,063	13,707,585

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

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY – cont'd

GROUP	Share capital	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
Balance at 1.1.20 (audited)	5,947,420	2,356,306	41,793	351,003	(10,152)	(83,253)	(15,490)	(200,315)	8,345,519	3,514,211	11,859,730
Profit for the period	-	130,108	-	-	-	-	-	-	130,108	38,073	168,181
<u>Other comprehensive income</u>											
Exchange differences arising on translation	-	-	(74,465)	-	-	(74,465)	-	-	(74,465)	-	(74,465)
Exchange differences arising on translation of foreign operations	-	-	9,358	-	-	9,358	-	-	9,358	-	9,358
Fair value change on investments in equity instruments designated as at FVTOCI	-	-	(1,918)	-	(1,918)	-	-	-	(1,918)	-	(1,918)
Other comprehensive income for the period, net of tax	-	-	(67,025)	-	(1,918)	(65,107)	-	-	(67,025)	-	(67,025)
Total comprehensive income for the period	-	130,108	(67,025)	-	(1,918)	(65,107)	-	-	63,083	38,073	101,156
<u>Transactions with owners recognised directly in equity</u>											
Transfer to general reserve	-	(8,883)	8,883	8,883	-	-	-	-	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(1,477)	(1,477)
Total	-	(8,883)	8,883	8,883	-	-	-	-	-	(1,477)	(1,477)
<u>Others</u>											
Dividend declared to non-controlling interests	-	-	-	-	-	-	-	-	-	(6,000)	(6,000)
Total	-	-	-	-	-	-	-	-	-	(6,000)	(6,000)
Balance at 31.3.20 (unaudited)	5,947,420	2,477,531	(16,349)	359,886	(12,070)	(148,360)	(15,490)	(200,315)	8,408,602	3,544,807	11,953,409

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

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY – cont'd

GROUP	Share capital	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
Balance at 1.4.20 (unaudited)	5,947,420	2,477,531	(16,349)	359,886	(12,070)	(148,360)	(15,490)	(200,315)	8,408,602	3,544,807	11,953,409
Profit for the period	-	151,131	-	-	-	-	-	-	151,131	71,993	223,124
<u>Other comprehensive income</u>											
Exchange differences arising on translation	-	-	29,792	-	-	29,792	-	-	29,792	-	29,792
Exchange differences arising on translation of foreign operations	-	-	(3,109)	-	-	(3,109)	-	-	(3,109)	-	(3,109)
Fair value change on investments in equity instruments designated as at FVTOCI	-	-	3,737	-	3,737	-	-	-	3,737	-	3,737
Other comprehensive income for the period, net of tax	-	-	30,420	-	3,737	26,683	-	-	30,420	-	30,420
Total comprehensive income for the period	-	151,131	30,420	-	3,737	26,683	-	-	181,551	71,993	253,544
<u>Transactions with owners recognised directly in equity</u>											
Transfer to general reserve	-	(8,134)	8,134	8,134	-	-	-	-	-	-	-
Contribution from non-controlling interests upon additional capital injection in a subsidiary	-	-	-	-	-	-	-	-	-	32,150	32,150
Total	-	(8,134)	8,134	8,134	-	-	-	-	-	32,150	32,150
<u>Others</u>											
Dividend declared to equity shareholders	-	(131,989)	-	-	-	-	-	-	(131,989)	-	(131,989)
Dividend declared to non-controlling interests	-	-	-	-	-	-	-	-	-	(9,840)	(9,840)
Total	-	(131,989)	-	-	-	-	-	-	(131,989)	(9,840)	(141,829)
Balance at 30.6.20 (unaudited)	5,947,420	2,488,539	22,205	368,020	(8,333)	(121,677)	(15,490)	(200,315)	8,458,164	3,639,110	12,097,274

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

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY – cont'd

GROUP	Share capital	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
Balance at 1.7.20 (unaudited)	5,947,420	2,488,539	22,205	368,020	(8,333)	(121,677)	(15,490)	(200,315)	8,458,164	3,639,110	12,097,274
Profit for the period	-	163,491	-	-	-	-	-	-	163,491	67,789	231,280
<u>Other comprehensive income</u>											
Exchange differences arising on translation	-	-	92,200	-	-	92,200	-	-	92,200	-	92,200
Exchange differences arising on translation of foreign operations	-	-	1,756	-	-	1,756	-	-	1,756	-	1,756
Fair value change on investments in equity instruments designated as at FVTOCI	-	-	2,339	-	2,339	-	-	-	2,339	-	2,339
Other comprehensive income for the period, net of tax	-	-	96,295	-	2,339	93,956	-	-	96,295	-	96,295
Total comprehensive income for the period	-	163,491	96,295	-	2,339	93,956	-	-	259,786	67,789	327,575
<u>Transactions with owners recognised directly in equity</u>											
Contribution from non-controlling interests upon additional capital injection in a subsidiary	-	-	-	-	-	-	-	-	-	219,672	219,672
Total	-	-	-	-	-	-	-	-	-	219,672	219,672
Balance at 30.9.20 (unaudited)	5,947,420	2,652,030	118,500	368,020	(5,994)	(27,721)	(15,490)	(200,315)	8,717,950	3,926,571	12,644,521

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

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY – cont'd

COMPANY	Share capital	Retained earnings	Other reserves*	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.1.21 (audited)	5,947,420	156,405	175,483	6,279,308
Profit for the period	-	602	-	602
<u>Other comprehensive loss</u>				
Exchange differences arising on translation, net of tax	-	-	(82,629)	(82,629)
Other comprehensive loss for the period, net of tax	-	-	(82,629)	(82,629)
Total comprehensive loss for the period	-	602	(82,629)	(82,027)
<u>Others</u>				
Repurchase of shares	(23,254)	-	-	(23,254)
Balance at 31.3.21 (unaudited)	5,924,166	157,007	92,854	6,174,027
Loss for the period	-	(22,085)	-	(22,085)
<u>Other comprehensive loss</u>				
Exchange differences arising on translation, net of tax	-	-	(89,926)	(89,926)
Other comprehensive loss for the period, net of tax	-	-	(89,926)	(89,926)
Total comprehensive loss for the period	-	(22,085)	(89,926)	(112,011)
<u>Others</u>				
Repurchase of shares	(3,991)	-	-	(3,991)
Dividend declared to equity shareholders	-	(124,906)	-	(124,906)
Balance at 30.6.21 (unaudited)	5,920,175	10,016	2,928	5,933,119
Profit for the period	-	263,109	-	263,109
<u>Other comprehensive loss</u>				
Exchange differences arising on translation, net of tax	-	-	(69,245)	(69,245)
Other comprehensive loss for the period, net of tax	-	-	(69,245)	(69,245)
Total comprehensive income for the period	-	263,109	(69,245)	193,864
<u>Others</u>				
Dividend declared to equity shareholders	-	(61,137)	-	(61,137)
Balance at 30.9.21 (unaudited)	5,920,175	211,988	(66,317)	6,065,846

* 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

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY – cont'd

COMPANY	Share capital	Retained earnings	Other reserves*	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.1.20 (audited)	5,947,420	(54,850)	468,636	6,361,206
Profit for the period	-	31,014	-	31,014
<u>Other comprehensive loss</u>				
Exchange differences arising on translation, net of tax	-	-	(241,447)	(241,447)
Other comprehensive loss for the period, net of tax	-	-	(241,447)	(241,447)
Total comprehensive loss for the period	-	31,014	(241,447)	(210,433)
Balance at 31.3.20 (unaudited)	5,947,420	(23,836)	227,189	6,150,773
Profit for the period	-	164,836	-	164,836
<u>Other comprehensive income</u>				
Exchange differences arising on translation, net of tax	-	-	113,209	113,209
Other comprehensive income for the period, net of tax	-	-	113,209	113,209
Total comprehensive income for the period	-	164,836	113,209	278,045
<u>Others</u>				
Dividend declared to equity shareholders	-	(131,989)	-	(131,989)
Balance at 30.6.20 (unaudited)	5,947,420	9,011	340,398	6,296,829
Loss for the period	-	(4,459)	-	(4,459)
<u>Other comprehensive loss</u>				
Exchange differences arising on translation, net of tax	-	-	(118,697)	(118,697)
Other comprehensive loss for the period, net of tax	-	-	(118,697)	(118,697)
Total comprehensive loss for the period	-	(4,459)	(118,697)	(123,156)
Balance at 30.9.20 (unaudited)	5,947,420	4,552	221,701	6,173,673

* Relates to translation reserve

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

SIIC Environment Holdings Ltd. (the “Company”) is a public limited company, incorporated and domiciled in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited (the “SGX-ST”). The shares of the Company (the “Share(s)”) have been listed on the mainboard of SGX-ST and subsequently dual listed (the “Listing”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 23 March 2018 (the “Listing Date”).

These condensed interim consolidated financial statements as at and for the nine months ended 30 September 2021 comprise the Company and its subsidiaries’ (collectively, “the Group”). The registered office and principal place of business of the Company is located at One Temasek Avenue, #37-02 Millenia Tower, Singapore 039192. There were no changes to the principal activities of the Company and its subsidiaries.

2. BASIS OF PREPARATION

The unaudited condensed interim consolidated financial statements for the nine months ended 30 September 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 34 “*Interim Financial Reporting*” issued by the Accounting Standards Council Singapore (ASC) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s.

The presentation currency of the condensed interim financial statements is Renminbi (“RMB”) as the Group’s operations are substantially based in the People’s Republic of China (“PRC”).

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2. BASIS OF PREPARATION - cont'd

2.2 Use of judgements and estimates

The preparation of the condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 9 – Receivables under service concession arrangements

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities within the next financial period are included in the following notes:

- Note 16 – Acquisition of a subsidiary

Management has determined that there is no impairment loss for the Group's goodwill on consolidation as at 30 Sep 2021.

2.3 Financial Risk Management Objectives and Policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include (i) foreign currency risk; (ii) interest rate risk; (iii) liquidity risk; and (iv) credit risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer and Management.

The condensed interim consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2020.

There have been no changes in the risk management policies since year end.

3. SEASONAL OPERATIONS

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. SEGMENT INFORMATION

The Group is organised into business segments based on their products and services, and has reportable segments as follows:

(i) Water and Sludge Treatment:

Principal activities include construction, management and operation of water and sludge related infrastructure under service concession arrangements and management and operation of water and sludge related infrastructure under non-service concession arrangements and financial income under service concession arrangements.

(ii) Water Supply:

Principal activities include construction, management and operation of water supply related infrastructure under service concession arrangements.

(iii) Waste incineration:

Principal activities include construction, management and operation of waste incineration related infrastructure under service concession arrangements.

Other operations include design and consultancy on the projects and installation of water meters. None of these segments meets any of the quantitative thresholds for determining reportable segments for the financial period ended 30 September 2021 and 31 December 2020.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Group's financing and income taxes are managed on a Group basis and are not allocated to operating segments. Unallocated assets/liabilities mainly comprise of corporate assets and liabilities, tax assets and liabilities and interest income and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

Transfer prices between operating segments are on agreed-term basis in a manner similar to transactions with third parties.

4. **SEGMENT INFORMATION - cont'd**

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments:

Nine Months ended 30 September 2021 (unaudited)

All amount in RMB'000	Water and Sludge Treatment	Water Supply	Waste Incineration	Total for Reportable Segments	Others Segment	Unallocated	Consolidated
Revenue	3,052,125	757,110	1,121,003	4,930,238	141,385	-	5,071,623
Reportable segment profit/(loss) from operations	1,199,376	112,034	143,653	1,455,063	48,458	(90,450)	1,413,071
Finance income	-	-	-	-	-	23,894	23,894
Finance expenses	-	-	-	-	-	(508,923)	(508,923)
Other non-operating income	77,468	6,052	2,622	86,142	11	151	86,304
Share of results of associates	3,308	-	-	3,308	194	-	3,502
Share of results of joint ventures	-	-	23,187	23,187	-	-	23,187
Income tax expense	(163,949)	(26,866)	(42,952)	(233,767)	(7,944)	(1,289)	(243,000)
Profit after tax							798,035
Segment depreciation and amortisation	161,388	98,468	7,191	267,047	297	8,332	275,676
Segment non-cash income	-	-	-	-	-	-	-
Segment non-cash expenses	4,559	197	-	4,756	356	-	5,112

4. SEGMENT INFORMATION - cont'd

Segment revenue and results – cont'd

Nine Months ended 30 September 2020 (unaudited)

All amount in RMB'000	Water and Sludge Treatment	Water Supply	Waste Incineration	Total for Reportable Segments	Others Segment	Unallocated	Consolidated
Revenue	2,988,742	665,720	372,685	4,027,147	119,024	-	4,146,171
Reportable segment profit/(loss) from operations	1,028,198	100,474	63,058	1,191,730	34,822	(57,924)	1,168,628
Finance income	-	-	-	-	-	16,212	16,212
Finance expenses	-	-	-	-	-	(525,203)	(525,203)
Other non-operating income	92,427	25,862	3,801	122,090	-	796	122,886
Share of results of associates	-	-	27,442	27,442	-	-	27,442
Share of results of joint ventures	2,556	-	-	2,556	(108)	-	2,448
Income tax expense	(140,212)	(29,062)	(13,684)	(182,958)	(5,664)	(1,206)	(189,828)
Profit after tax							622,585
Segment depreciation and amortisation	127,610	115,354	7,074	250,038	327	5,493	255,858
Segment non-cash income	-	-	-	-	-	-	-
Segment non-cash expenses	-	2,006	-	2,006	474	-	2,480

4. **SEGMENT INFORMATION - cont'd**

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segments:

At 30 September 2021 (unaudited)

All amount in RMB'000	Water and Sludge Treatment	Water Supply	Waste Incineration	Total for Reportable Segments	Others Segment	Unallocated	Consolidated
Segment assets	27,621,862	4,157,128	2,900,836	34,679,826	568,533	380,962	35,629,321
Interest in joint ventures	-	-	512,821	512,821	-	-	512,821
Interest in associates	88,429	-	-	88,429	12,208	27,162	127,799
Financial assets at fair value through profit or loss	6,506	-	-	6,506	2,811	-	9,317
Financial assets at fair value through other comprehensive income	10,400	-	-	10,400	3,000	14,285	27,685
Total assets							36,306,943
Segment liabilities	12,683,556	1,942,837	1,691,719	16,318,112	1,098,727	5,182,519	22,599,358
Segment capital expenditure	191,922	56,305	23,036	271,263	154	56	271,473

4. SEGMENT INFORMATION - cont'd

Segment assets and liabilities - cont'd

At 31 December 2020 (audited)

All amount in RMB'000	Water and Sludge Treatment	Water Supply	Waste Incineration	Total for Reportable Segments	Others Segment	Unallocated	Consolidated
Segment assets	27,211,845	3,752,974	2,031,315	32,996,134	565,975	325,513	33,887,622
Interest in joint ventures	-	-	523,961	523,961	-	-	523,961
Interest in associates	59,860	-	-	59,860	12,015	27,621	99,496
Financial assets at fair value through profit or loss	-	-	-	-	3,167	-	3,167
Financial assets at fair value through other comprehensive income	10,400	-	-	10,400	3,500	12,533	26,433
Asset classified as held for sale	210,952	-	-	210,952	-	-	210,952
Total assets							34,751,631
Segment liabilities	13,757,819	1,704,463	952,063	16,414,345	1,291,249	4,024,038	21,729,632
Segment capital expenditure	18,126	210,961	15,536	244,623	992	33	245,648

5. REVENUE

	3 months ended 30 September		9 months ended 30 September	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Construction revenue	561,951	464,730	1,636,069	1,279,512
Operating and maintenance income from services concession arrangements	812,107	688,349	2,346,107	1,883,595
Financial income from service concession arrangements	281,242	266,015	819,340	763,194
Service income	51,948	34,546	128,722	100,846
Other revenue	64,365	52,895	141,385	119,024
	1,771,613	1,506,535	5,071,623	4,146,171
Timing of revenue recognition				
At a point in time:	812,107	688,349	2,346,107	1,883,595
Over time:	959,506	818,186	2,725,516	2,262,576
	1,771,613	1,506,535	5,071,623	4,146,171

6. TAXATION

	3 months ended 30 September		9 months ended 30 September	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Current tax:				
- Current year	60,332	59,928	153,882	119,828
- Overprovision in respect of prior periods	(18)	(593)	(2,401)	(10,056)
Deferred tax:				
- Current year	34,803	23,513	91,988	74,512
- (Over)/Under provision in respect of prior periods	(563)	1,561	(469)	5,544
	94,554	84,409	243,000	189,828

The corporate income tax applicable to the Singapore companies of the Group is 17% (Nine Months ended 30 September 2020: 17%).

6. TAXATION (Cont'd)

Under the Law of the People's Republic of China ("PRC") on Enterprise Income Tax ("EIT") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. In accordance with the "Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprises", certain subsidiaries, engaging in public infrastructure projects, are entitled to full exemption from EIT for the first three years and a 50% reduction in EIT for the next three years from the first year of generating operating income.

7. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting):

	3 months ended 30 September		9 months ended 30 September	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Loss allowance for trade receivables, net	2,360	446	4,650	2,006
Loss allowance for non-trade receivables, net	-	-	106	-
Depreciation of property, plant and equipment	10,027	8,851	27,669	27,336
Amortisation of intangible assets	81,276	74,342	239,728	223,260
Depreciation of right-of-use asset	2,760	1,754	8,279	5,262
Gain on disposal of financial asset held at fair value through other comprehensive income	-	(9,147)	-	(9,953)
Gain on disposal of an associate	-	-	-	(1,678)
Gain on disposal of a subsidiary	-	-	(23,566)	(48)
Gain from bargain purchase arising from acquisition of a subsidiary	(6,512)	-	(6,512)	-
Foreign exchange loss/(gain), net	851	(2,515)	5,696	(444)
Fair value (gain)/loss on financial assets at fair value through profit and loss	(118)	204	356	474

8. TRADE AND OTHER RECEIVABLES

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

	30 September 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within 30 days	698,811	562,466
Within 31 to 60 days	251,499	241,096
Within 61 to 90 days	190,375	129,676
Within 91 to 180 days	428,348	282,412
Within 181 to 365 days	428,363	246,274
Over 365 days	494,473	421,635
	<u>2,491,869</u>	<u>1,883,559</u>

9. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

Consideration given by the grantor for a service concession arrangement is accounted for as an intangible asset (operating concessions) or a financial asset (receivables under service concession arrangements) or a combination of both, as appropriate. The financial asset component is as follows:

	30 September 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Receivables under service concession arrangements		
Current portion	664,374	677,871
Non-current portion	20,266,753	19,306,418
	<u>20,931,127</u>	<u>19,984,289</u>
Expected collection schedule is analysed as follows:		
Within 1 year	664,374	677,871
Within 2 to 5 years	3,246,599	2,824,426
Over 5 years	17,020,154	16,481,992
	<u>20,931,127</u>	<u>19,984,289</u>

10. INTANGIBLE ASSETS

During the period, the Group's additions of intangible assets amounted to RMB206,365,000 (Nine Months ended 30 September 2020: RMB114,249,000).

Certain intangibles with carrying value of RMB1,027,475,000 were pledged to secure the Group's bank borrowings as at 30 September 2021 (31 December 2020: RMB977,513,000).

11. TRADE AND OTHER PAYABLES

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

	30 September 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within 30 days	1,045,327	1,104,956
Within 31 to 60 days	104,058	90,902
Within 61 to 90 days	91,467	49,453
Within 91 to 180 days	183,409	120,914
Within 181 to 365 days	274,479	169,069
Over 365 days	655,337	744,809
	<u>2,354,077</u>	<u>2,280,103</u>

12. BANK AND OTHER BORROWINGS

	30 September 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Amount repayable within one year or on demand		
Secured	1,923,915	2,066,118
Unsecured	2,084,622	2,644,244
	<u>4,008,537</u>	<u>4,710,362</u>
Amount repayable after one year		
Secured	9,327,251	9,229,311
Unsecured	2,586,179	1,312,790
	<u>11,913,430</u>	<u>10,542,101</u>

The Group has completed the issue of the Corporate Bonds on 15 March 2021 with the aggregate size of RMB1,500,000,000 and interest rate of 3.89%, which have been fully subscribed by the professional investors in the PRC.

Details of any collateral

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.

13. SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	Amount RMB'000
	(Unaudited)	(Unaudited)
Issued and paid up share capital		
At 1 January 2020 and 31 December 2020	2,602,817,726	5,947,420
Share buy-back and cancelled	(27,152,000)	(27,245)
At 30 September 2021	2,575,665,726	5,920,175

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

Purchase, Sale or Redemption of Listed Securities

During the nine months ended 30 September 2021, the Company bought back a total of 27,152,000 shares of the Company on the Singapore Stock Exchange and Hong Kong Stock Exchange at an aggregate consideration of RMB27,245,351 (before expenses). As at 30 September 2021, 27,152,000 repurchased Shares have been cancelled and the total number of shares of the Company in issue was 2,575,665,726. Details of the shares bought back during the period are as follows:

Singapore Stock Exchange

Month	Number of shares bought back	Price paid per share		Aggregate consideration (before expense) SGD
		Highest SGD	Lowest SGD	
March 2021	9,291,000	0.205	0.189	1,842,302.12
April 2021	3,849,000	0.215	0.210	819,823.53

Hong Kong Stock Exchange

Month	Number of shares bought back	Price paid per share		Aggregate consideration (before expense) HKD
		Highest HKD	Lowest HKD	
March 2021	14,012,000	1.26	1.15	16,841,943.53

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the nine months ended 30 September 2021.

13. SHARE CAPITAL – cont'd

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 2021, there were no convertible securities outstanding (30 September 2020: Nil).

14. DIVIDENDS

A final one-tier tax exempt dividend of S\$0.01 per ordinary share in respect of the financial year ended 31 December 2020 was approved in the annual general meeting held on 30 April 2021 and fully paid out in May 2021.

On 6 August 2021, the Board has resolved to declare an interim dividend of S\$0.005 per ordinary share to shareholders who are on the register as at 1 September 2021. This interim dividend was fully paid out in September 2021.

15. NET ASSET VALUE

	Group		Company	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	RMB cents (Unaudited)	RMB cents (Audited)	RMB cents (Unaudited)	RMB cents (Audited)
Net asset value per ordinary share	360.39	343.00	235.51	241.25

Net asset value per share is calculated based on the number of shares in issue of 2,575,665,726 as at 30 September 2021 (31 December 2020: 2,602,817,726).

16. ACQUISITION OF A SUBSIDIARY

Acquisition of Henan Wennuo Environmental Protection Technology Co., Ltd. (“Henan Wennuo”)

In April 2021, the Group through its 92.2% owned subsidiary, Fudan Water Engineering and Technology Co., Ltd. and its 75% owned subsidiary, SIIC Henan Investment Co., Ltd. (“SIIC Henan”), completed the acquisition of 80% equity interest in Henan Wennuo for a total consideration of approximately RMB63,982,000.

The consideration was arrived based on the total identifiable net asset value of the shares acquired of approximately RMB70,494,000. The acquisition is funded through the Group’s internal resources. At the end of the reporting period, the Group have paid RMB52,210,000 to the vendor in cash and the deferred consideration amounting to RMB11,772,000 will be due upon completion of procedures and is expected to be settled by December 2021.

Henan Wennuo is principally involved in the operation of 1 sludge treatment plant with total design capacity of 300 tonnes/day, and is based in Luohe City, Henan Province, PRC.

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

	Henan Wennuo RMB'000 (Unaudited)
<u>Consideration</u>	
Cash paid	52,210
Deferred consideration	11,772
Total	<u><u>63,982</u></u>
<u>Fair value of assets acquired and liabilities recognised at the respective date of acquisition</u>	
Property, plant and equipment	5,318
Receivables under service concession arrangements	107,068
Trade and other receivables	45,720
Prepayments	295
Cash and cash equivalents	409
Interest in associates	25,259
Financial assets at fair value through profit and loss	6,506
Trade and other payables	(90,454)
Deferred tax liabilities	(12,004)
Non-controlling interest	(17,623)
	<u><u>70,494</u></u>
<u>Gain on bargain purchase arising from acquisition</u>	
Cash paid	52,210
Deferred consideration	11,772
Less: Net assets acquired	(70,494)
	<u><u>(6,512)</u></u>
<u>Net cash outflow arising from acquisition</u>	
Cash consideration paid	52,210
Less: Cash and cash equivalents acquired	(409)
Net cash outflow on acquisition	<u><u>51,801</u></u>

17. DISPOSAL OF A SUBSIDIARY

In June 2021, the Group through its non-wholly owned subsidiary, Longjiang Environmental Protection Group Co., Ltd. disposed the entire 80% equity interest in Lingbi Chenxin Green Industry Development Co., Ltd. (“Lingbi”) for consideration of RMB40,000,000 to a third party.

The consideration was arrived at after arm’s length negotiation based on normal commercial terms. At the end of the reporting period, the Group have received cash consideration amounting to RMB27,000,000. The remaining consideration will be settled in cash by the purchaser according to the agreed timeline on or before 30 December 2021.

Further details of the consideration, and assets and liabilities disposed of in respect of the disposed subsidiary during the reporting period are set out below:

	Lingbi RMB'000 (Unaudited)
Analysis of assets and liabilities over which control was lost	
Inventories	475
Receivables under service concession arrangements	183,198
Trade and other receivables	31,945
Prepayments	25
Cash and cash equivalents	14
Trade and other payables	(55,072)
Bank and other borrowings	(135,750)
Deferred tax liabilities	(4,293)
Total identifiable net assets at fair value	<u>20,542</u>
Non-controlling interest	<u>(4,108)</u>
	<u>16,434</u>
Gain on disposal	
Cash consideration	27,000
Consideration receivable	13,000
Less: Net assets disposed of	<u>(16,434)</u>
	<u>23,566</u>
Net cash inflow arising on disposal	
Cash consideration received	27,000
Less: Cash and cash equivalents disposed of	<u>(14)</u>
	<u>26,986</u>

The subsidiary disposed of during the period did not have a significant contribution to the results and cash flows of the Group during the period prior to the disposal.

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Except as detailed in the following tables below, the directors of the Company consider that the carrying amounts of all other financial assets and financial liabilities that are recorded at amortised cost in the consolidated financial statements to approximate their fair value, due to their short-term nature, that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period, or the discount rate used to amortise the instruments approximates the prevailing market interest rates.

The Group classifies financial assets measured at fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- b) Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- c) Inputs for the assets or liabilities which are not based on observable market data (unobservable inputs) (Level 3).

(i) Fair value of financial assets that are measured at fair value on a recurring basis

Financial assets	Fair value		Fair value hierarchy
	30 September 2021	31 December 2020	
	RMB'000 (Unaudited)	RMB'000 (Audited)	
Financial assets at FVTOCI			
Listed equity security	14,285	12,533	Level 1
Unlisted equity security	13,400	13,900	Level 3
Financial assets at FVTPL			
Listed equity security	2,811	3,167	Level 1
Put option of unlisted equity security	6,506	-	Level 3

18. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS - cont'd

(ii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis and whose carrying amounts are not reasonable approximation of fair value

	30 September 2021		31 December 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Financial assets				
Receivables under service concession arrangements ^(a)	17,643,907	18,702,541	16,459,507	17,557,898
Financial liabilities				
Bank and other borrowings:				
- Fixed rate borrowings ^(a)	(3,498,161)	(3,440,220)	(1,833,762)	(1,793,941)
Other non-current liabilities ^(a)	(47,359)	(38,946)	(47,368)	(39,170)

(a) The fair values of receivables under service concession arrangements, bank and other borrowings and other non-current liabilities as disclosed in the table above are classified under level 3 of the fair value hierarchy and the fair values are estimated by discounting expected future cash flows at prevailing interest rate or borrowings rate as at the end of the reporting period.

There was no transfer amongst Levels 1, 2 and 3 in both periods.

19. RELATED PARTY TRANSACTIONS

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

20. SUBSEQUENT EVENTS

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

- 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.**

Please refer to Note 13 of the Notes to the Condensed Interim Consolidated Financial Statements.

- 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 2021, there were no treasury shares held (31 December 2020: Nil). Total number of issued shares as at 30 September 2021 was 2,575,665,726 (31 December 2020: 2,602,817,726).

- 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 2021.

- 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 condensed interim consolidated statement of financial position of the Company and its subsidiaries as at 30 September 2021 and the related condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the nine-month period then ended and certain explanatory notes have not been audited or reviewed.

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

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as that of the audited financial statements for the year ended 31 December 2020.

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.**

Please refer to condensed interim consolidated statement of comprehensive income.

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.**

Please refer to Note 15 of the Notes to the Condensed Interim Consolidated Financial Statements.

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 RMB4,146.2 million in 9MFY2020 to RMB5,071.6 million in 9MFY2021, representing an increase of 22.3%. Gross profit ("GP") has increased from RMB1,475.8 million in 9MFY2020 to RMB1,773.8 million in 9MFY2021.

Meanwhile, the Group's profit for the period amounted to RMB798.0 million, up 28.2% as compared to 9MFY2020. The Group's profit after tax (attributable to owners of the Company) increased from RMB444.7 million in 9MFY2020 to RMB513.8 million in 9MFY2021, representing an increase of 15.5%.

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

Construction Revenue

Construction revenue amounted to RMB562.0 million and RMB1,636.1 million in 3QFY2021 and 9MFY2021 respectively (3QFY2020: RMB464.7 million; 9MFY2020: RMB1,279.5 million). The higher revenue was mainly due to relatively higher amount of construction activities in progress in 9MFY2021 as compared to 9MFY2020 as a result of the outbreak of Covid-19 in Mainland China in the first quarter of FY2020.

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 RMB1,093.3 million and RMB3,165.4 million in 3QFY2021 and 9MFY2021 respectively (3QFY2020: RMB954.4 million; 9MFY2020: RMB2,646.8 million). The higher revenue was underpinned by the increase in wastewater treatment volume.

Service Income

Service income from non-service concession arrangements amounted to RMB51.9 million and RMB128.7 million in 3QFY2021 and 9MFY2021 respectively (3QFY2020: RMB34.5 million; 9MFY2020: RMB100.8 million). The higher revenue was mainly due to the increase in water treatment volume from operations and maintenance projects.

Other Revenue

Other revenue for 3QFY2021 and 9MY2021 were RMB64.4 million and RMB141.4 million respectively (3QFY2020: RMB52.9 million; 9MFY2020: RMB119.0 million). The other revenue mainly consists of installation works carried out, which are ad-hoc in nature.

(B) Gross Profit (“GP”) / Gross Profit Margin (“GPM”)

The Group's GP increased 10.0% from RMB560.0 million in 3QFY2020 to RMB616.0 million in 3QFY2021. Meanwhile, GP increased by RMB298.0 million or 20.2% from RMB1,475.8 million in 9MFY2020 to RMB1,773.8 million in 9MFY2021. The increase in GP was mainly due to the higher wastewater treatment volume achieved by the Group as explained in Note A.

GPM decreased by 2.4% from 37.2% in 3QFY2020 to 34.8% in 3QFY2021. The decrease was mainly due to higher contribution proportion from construction segments (which have a relatively lower GPM).

There is no material variance for GPM in 9MFY2021 as compared to 9MFY2020.

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

(C) Other Income

Other income amounted to RMB43.0 million and RMB131.8 million in 3QFY2021 and 9MFY2021 respectively (3QFY2020:RMB42.4 million; 9MFY2020: RMB165.4 million). There is no significant movement in 3QFY2021 as compared to 3QFY2020. The decrease in 9MFY2021 as compared to 9MFY2020 was mainly due to the reform of value-added-tax refund imposed on billing raised from service concession arrangements, which was effective in May FY2020.

(D) Other Gains and Losses

Other gains and losses shifted from a gain of RMB11.5 million in 3QFY2020 and a gain of RMB11.7 million in 9MFY2020 to a loss of RMB0.7 million in 3QFY2021 and a gain of RMB17.5 million in 9MFY2021 respectively. The other gains and losses in 3QFY2021 are mainly foreign currency translation losses. The movement in 9MFY2021 as compared to 9MFY2020 is mainly due to the gain on disposal of a subsidiary in June FY2021.

(E) Selling and Distribution Costs

Selling and distribution costs increased from RMB19.5 million in 3QFY2020 to RMB20.5 million in 3QFY2021 and RMB52.5 million in 9MFY2020 to RMB60.3 million in 9MFY2021. The increase in selling and distribution expenses was due to the recovery from Covid-19 as business activities have recovered back to normal since the second half of FY2020.

(F) Administrative Expenses

Administrative expenses increased from RMB117.4 million in 3QFY2020 to RMB125.7 million in 3QFY2021 and RMB292.6 million in 9MFY2020 to RMB339.5 million in 9MFY2021. The increase in administrative expenses was due to the recovery from Covid-19 which has resulted in the increase in business activities in 9MFY2021 as compared to 9MFY2020.

(G) Finance Expenses

Finance expenses amounted to RMB160.6 million in 3QFY2021 (3QFY2020: RMB171.2 million) and RMB508.9 million in 9MFY2021 (9MFY2020: RMB525.2 million). The decrease was mainly due to the loan restructuring effort to replace the higher interest borrowings with the panda bond issued in March 2021.

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

(H) Share of Results of Associates/ Share of Results of Joint Ventures

The share of results of associates and joint ventures using the equity method represents the Group's share of results in investments which are accounted for using equity method.

The increase in share of results of associates in 9MFY2021 as compared to 9MFY2020 was mainly due to higher contribution from associates.

The decrease in share of results of joint ventures in 9MFY2021 as compared to 9MFY2020 was mainly due to lower contribution from joint ventures.

(I) Income Tax Expenses

Income tax expense amounted to RMB94.6 million and RMB243.0 million in 3QFY2021 and 9MFY2021 (3QFY2020: RMB84.4 million and 9MFY2020: RMB189.8 million). The increase in income tax expense was in line with the increase in profit generated in 3QFY2021 and 9MFY2021 as compared to 3QFY2020 and 9MFY2020.

STATEMENTS OF FINANCIAL POSITION

(J) Current Assets

Current assets as at 30 September 2021 amounted to RMB7.27 billion (31 December 2020: RMB6.73 billion). The increase was mainly due to a higher trade receivables balance as a result of billings raised net of collections during the period.

(K) Non-current Assets

Non-current assets as at 30 September 2021 amounted to RMB29.04 billion (31 December 2020: RMB28.02 billion). The increase was mainly due to construction of certain waste water and waste incineration projects during 9MFY2021 resulting in the increase in receivables under service concession arrangements.

(L) Current Liabilities

Current liabilities as at 30 September 2021 amounted to RMB8.25 billion (31 December 2020: RMB8.89 billion). The decrease was mainly due to the loan restructuring effort to replace the higher interest borrowings which are due for repayment within one year.

(M) Non-current Liabilities

Non-current liabilities as at 30 September 2021 amounted to RMB14.35 billion (31 December 2020: RMB12.84 billion). The increase was mainly due to the issuance of the Panda Bond in March 2021.

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

STATEMENT OF CASH FLOWS

As at 30 September 2021, the Group's cash and cash equivalents stood at RMB2,611.4 million (31 December 2020: RMB2,668.5 million). In 9MFY2021, net cash of RMB166.2 million was generated from the Group's operating activities, a significant of cash was used towards the Group's investments in projects with service concession arrangements. Excluding cash used in these projects, cash generated from operating activities in 9MFY2021 was RMB1,221.0 million.

Net cash used in the Group's investing activities of RMB199.0 million in 9MFY2021 was mainly due to net cash outflow from purchase of property, plant and equipments, intangibles assets and acquisition of a subsidiary.

Net cash generated from financing activities of RMB1.7 million in 9MFY2021 was mainly due to the net proceeds from bank and other borrowings, which are partially offset by interest paid and dividend paid to equity shareholders.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Major development trends and competitive conditions, as well as known factors or events, that may affect operations for the next reporting period and the next 12 months as of the date of Announcement

10.1 Water price management

On 7 August 2021, the National Development and Reform Commission and the Ministry of Housing and Urban-Rural Development of the People's Republic of China ("China" or "PRC") revised the "Measures for Administration of Prices of Water Supply in Urban and Rural Areas" (《城鎮供水價格管理辦法》) and the "Measures for Supervision and Examination of Pricing Costs of Water Supply in Urban and Rural Areas" (《城鎮供水定價成本監審辦法》), the implementation of which started on 1 October 2021. For the first time, the former defines "permitted costs plus reasonable profit" as the setting method of water supply prices in both urban and rural areas of China, and clarifies that, the average water supply price of water supply companies should be closely tie to market interest rates. In addition, it establishes a framework for regular evaluation and a compensation mechanism for water supply pricing. Water prices are reviewed every three years in theory. If the price adjustment is insufficient to allow a water supply company to achieve permitted revenue, compensation from the local government should be offered. Both of the proposed changes will help to further optimize and standardize China's water supply pricing system in both urban and rural areas, and provide extra protection for water supply companies' profits. Water supply prices in China's urban and rural areas are projected to rise further as a result of these two measures, providing an opportunity to reassess the value of waterworks assets and generate revenue growth for the Group's water supply projects.

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.

10.2 Growth in demand for solid waste incineration power generation

At present, China is actively promoting policies aimed at achieving its carbon peaking and carbon neutrality targets. The national carbon emission exchange was launched on 16 July 2021, and the national green power trading pilot scheme was launched in early September. Waste incineration power generation is one of the main sources of green energy, and new projects are subsidized by the Chinese government. If waste incineration power generation is included in the green energy trading scheme, the Group's waste incineration business is expected to receive additional earnings. Moreover, in September 2021, the Ministry of Ecology and Environment of the PRC issued the "Work Plan for Further Promoting the Construction of 'Zero-Waste Cities' during the 14th Five-Year Period (draft for comments)" (《「十四五」時期深入推進「無廢城市」建設工作方案（徵求意見稿）》） and the "Indicator System for the Construction of Zero-Waste Cities (2021 edition) (draft for comments)" (《「無廢城市」建設指標體系（2021年版）（徵求意見稿）》), aiming to promote the construction of in approximately 100 "zero-waste cities" at prefecture level and above. The goal is to steadily reduce the intensity of municipal solid waste generation and significantly improve the solid waste treatment system and treatment capacity by 2025. Driven by the demand for waste reduction, the demand for waste incineration is expected to expand rapidly, giving the Group's waste incineration business more room for development. The Group will continue to expand its waste treatment and disposal business, actively explore new cooperation models, and strengthen technological research and development to improve the efficiency of waste incineration power generation. Meanwhile, the Group will closely track the development of green energy trading in order to capitalize on future growth opportunities.

10.3 Marketization and trading of natural resource and environmental rights

On 12 September 2021, the General Office of the Communist Party of China Central Committee and the General Office of the State Council of the PRC issued "Guidelines on Deepening Reform of Ecological Protection Compensation Mechanism" (《關於深化生態保護補償制度改革意見》), with the aim of gradually commencing marketization and trading of natural resource and environmental rights, expanding financing channels, researching and developing natural resource and environmental rights-based financing tools, establishing a green stock index, developing Carbon futures trading, encouraging banks and financial institutions to provide green credit facility services that align with the characteristics of green project financing, and encouraging qualified non-financial enterprises and institutions to issue green bonds. It is expected that the financing channels and profitability of water treatment and waste incineration-related companies will be further enhanced following the commencement of marketization and trading of natural resource and environmental rights. The Group will pay close attention to relevant development opportunities, explore innovative financing channels, facilitate the integration of industry with finance to expand its business scale and make further deployments in the field of environmental protection technology, to promote the high-quality and sustainable development of the Group's business.

11. Dividend

If a decision regarding dividend has been made:

- (a) Whether an interim (final) ordinary dividend has been declared (recommended): and**

None

- (b) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None

Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

There was no interim dividend declared for 3QFY2020.

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the Dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

- (d) The date the dividend is payable.**

Not applicable.

- (e) The date on which Registrable Transfers received by the company (up to 5.00 p.m.) will be registered before entitlements.**

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

The Company did not declare any dividend as the Company requires cash to fund its capital expenditure and investment in projects.

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

We, Yang Jianwei and Xu Xiaobing, 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 2021, to be false or misleading, in any material aspect.

15. 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

Yang Jianwei

Executive Director

8 November 2021