# SIIC ENVIRONMENT HOLDINGS LTD.

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

## Unaudited Financial Statements and Dividend Announcement for the Third Quarter and Nine Months ended 30 September 2015

13 November 2015

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

# Third Quarter of Financial Year 2015 Financial Statements And Dividend Announcement

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

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

**UNAUDITED RESULTS FOR THE THIRD QUARTER ("3QFY2015") AND NINE MONTHS ENDED 30 SEPTEMBER 2015("9MFY2015")**

| | | Group | | | | | |
|---|---|---|---|---|---|---|---|
| | Note | 3 Months Ended | | Changes | 9 Months Ended | | Changes |
| | | 30.9.15 | 30.9.14 | | 30.9.15 | 30.9.14 | |
| | | RMB'000 | RMB'000 | % | RMB'000 | RMB'000 | % |
| Revenue | (A) | 502,092 | 363,734 | 38.0 | 1,292,741 | 1,167,098 | 10.8 |
| Cost of sales | | (312,050) | (226,029) | 38.1 | (769,976) | (727,713) | 5.8 |
| **Gross profit** | (B) | **190,042** | **137,705** | **38.0** | **522,765** | **439,385** | **19.0** |
| Other operating income | (C) | 7,053 | 7,001 | 0.7 | 16,228 | 21,453 | (24.4) |
| Selling and distribution costs | | (4,026) | (3,537) | 13.8 | (11,060) | (10,851) | 1.9 |
| Administrative expenses | | (49,227) | (45,596) | 8.0 | (125,109) | (117,667) | 6.3 |
| Other operating expenses | (C) | (1,265) | - | N.M. | (1,541) | - | N.M. |
| **Profit from operations** | | **142,577** | **95,573** | **49.2** | **401,283** | **332,320** | **20.8** |
| Finance income (Note 1) | (D) | 4,131 | 39,429 | (89.5) | 9,103 | 46,252 | (80.3) |
| Finance expenses | (E) | (47,232) | (39,773) | 18.8 | (126,076) | (110,483) | 14.1 |
| Other income | (F) | 14,792 | 9,143 | 61.8 | 39,191 | 12,183 | >100.0 |
| Share of results of associates | (G) | 8,829 | 10 | >100.0 | 13,995 | 14 | >100.0 |
| Share of results of joint ventures | (G) | 15,602 | 11,528 | 35.3 | 40,996 | 41,992 | (2.4) |
| **Profit before tax** | (i) | **138,699** | **115,910** | **19.7** | **378,492** | **322,278** | **17.4** |
| Income tax expense | (ii)/(H) | (29,520) | (27,043) | 9.2 | (82,842) | (66,541) | 24.5 |
| **Profit for the period** | | **109,179** | **88,867** | 22.9 | **295,650** | **255,737** | **15.6** |
| **Other comprehensive income:** | | | | | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | | | | | |
| Foreign currency translation, net of tax | | (54,922) | (50,779) | 8.2 | (90,222) | (25,941) | >100.0 |
| Investment revaluation reserve | | (44,257) | - | N.M. | 49,952 | - | N.M. |
| **Total comprehensive income for the period** | | **10,000** | **38,088** | **(73.7)** | **255,380** | **229,796** | **11.1** |
| **Profit for the period attributable to:** | | | | | | | |
| Owners of the Company | | 89,290 | 66,958 | 33.4 | 240,740 | 196,522 | 22.5 |
| Non-controlling interests | | 19,889 | 21,909 | (9.2) | 54,910 | 59,215 | (7.3) |
| | | **109,179** | **88,867** | **22.9** | **295,650** | **255,737** | **15.6** |
| **Total comprehensive income attributable to:** | | | | | | | |
| Owners of the Company | | (9,889) | 16,179 | **<(100.0)** | 200,470 | 170,581 | 17.5 |
| Non-controlling interests | | 19,889 | 21,909 | (9.2) | 54,910 | 59,215 | (7.3) |
| | | **10,000** | **38,088** | **(73.7)** | **255,380** | **229,796** | **11.1** |

**N.M. – Not Meaningful**

Note 1: During 9MFY2015 and 3QFY2015, the Group reclassified financial income from service concession arrangements of RMB200,040,000 (9MFY2014: RMB165,322,000) and RMB76,515,000 (3QFY2014: RMB57,304,000) respectively from "Finance income" to "Revenue" to better reflect the operations of the Group. Prior period comparatives have been reclassified to be consistent with current period presentation.

**Notes:**

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

| | 3 Months Ended | | 9 Months Ended | |
|---|---|---|---|---|
| | 30.9.15 | 30.9.14 | 30.9.15 | 30.9.14 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Amortisation of intangible assets (Note I) | 18,587 | 16,310 | 55,676 | 45,037 |
| Amortisation of land use rights | 40 | 414 | 138 | 1,138 |
| Depreciation of property, plant and equipment | 3,118 | 2,920 | 8,805 | 7,873 |
| Written off of property, plant and equipment | (31) | 8 | 80 | 8 |
| Loss/(gain) on disposal of property, plant and equipment | - | 293 | (3,081) | 1,347 |
| Foreign exchange gain, net (Note C) | (1,265) | (4,975) | (1,541) | (10,962) |
| Allowance/( reversal) for doubtful receivables (trade) | 94 | (817) | (414) | (2,301) |
| Allowance/( reversal) for doubtful receivables (non-trade) | 32 | 7 | 331 | (4,678) |
| Bad debts written off (trade) | - | 8 | - | 56 |
| Reversal of allowance for foreseeable loss | - | (780) | - | - |
| Reversal of allowance for inventories | - | - | (20) | - |
| Gain on disposal of interest in a subsidiary | - | (9,048) | - | (5,227) |
| Fair value loss from held-for-trading investment | 4,952 | - | 706 | - |

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

| | 3 Months Ended | | 9 Months Ended | |
|---|---|---|---|---|
| | 30.9.15 | 30.9.14 | 30.9.15 | 30.9.14 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Under/ (over) provision of tax in respect of prior periods | 858 | (830) | 974 | (8,282) |

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

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | As At 30.9.15 | As At 31.12.14 | As At 30.9.15 | As At 31.12.14 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Current assets** | | | | | |
| Cash and cash equivalents | | 828,193 | 1,119,272 | 150,361 | 156,022 |
| Pledged bank deposits | | 76,844 | 63,404 | - | - |
| Trade and other receivables | | 828,055 | 571,618 | 5,615 | 650 |
| Bills receivables | | 2,685 | 2,679 | - | - |
| Prepayments | | 24,643 | 15,344 | 1,914 | 3,048 |
| Inventories | | 22,165 | 20,887 | - | - |
| Receivables under service concession arrangements | | 125,226 | 92,899 | - | - |
| Amounts due from customers for contract work | | 73,197 | 70,017 | - | - |
| Amounts due from subsidiaries | | - | - | 1,760,480 | 2,007,006 |
| Amounts due from joint venture | | 1,112 | 1,437 | 1,112 | 1,437 |
| Amounts due from associate | | 14,152 | - | - | - |
| Held-for-trading investment | | 17,792 | - | - | - |
| **Total current assets** | (J) | **2,014,064** | **1,957,557** | **1,919,482** | **2,168,163** |
| **Non-current assets** | | | | | |
| Available-for-sale financial instruments | | 183,897 | 126,748 | 12,269 | - |
| Prepayments | | 5,829 | 118,545 | - | - |
| Receivables under service concession arrangements | | 4,489,419 | 3,232,818 | - | - |
| Property, plant and equipment | | 99,791 | 107,852 | 80 | 220 |
| Intangible assets | | 2,964,258 | 1,515,848 | - | - |
| Land use rights | | 4,779 | 4,917 | - | - |
| Retention monies | | 3,779 | 2,712 | - | - |
| Deferred tax assets | | 16,702 | 18,357 | - | - |
| Investment in subsidiaries | | - | - | 2,294,241 | 716,009 |
| Interest in joint ventures | | 631,358 | 657,192 | 494,046 | 517,638 |
| Interest in associates | | 446,598 | 414,525 | - | - |
| Goodwill on consolidation | | 9,550 | 9,550 | - | - |
| **Total non-current assets** | (K) | **8,855,960** | **6,209,064** | **2,800,636** | **1,233,867** |
| **Total assets** | | **10,870,024** | **8,166,621** | **4,720,118** | **3,402,030** |
| **Current liabilities** | | | | | |
| Trade and other payables | | 986,894 | 749,098 | 14,465 | 14,141 |
| Bills payable to banks | | 10,679 | 79,320 | - | - |
| Tax payable | | 33,232 | 31,563 | - | - |
| Amounts due to customers for contract work | | 25,810 | 24,551 | - | - |
| Amounts due to subsidiaries | | - | - | 4,887 | 4,270 |
| Bank and other borrowings | | 1,856,758 | 922,958 | 10,221 | 10,709 |
| Finance lease | | 25,000 | 33,333 | - | - |
| **Total current liabilities** | (L) | **2,938,373** | **1,840,823** | **29,573** | **29,120** |
| **Non-current liabilities** | | | | | |
| Bank and other borrowings | | 1,490,434 | 1,702,850 | 110,729 | 126,726 |
| Finance lease | | - | 16,667 | - | - |
| Deferred tax liabilities | | 332,079 | 270,122 | - | - |
| Other non-current liabilities | | 62,819 | 59,200 | - | - |
| **Total non-current liabilities** | (M) | **1,885,332** | **2,048,839** | **110,729** | **126,726** |
| **Capital, reserves and non-controlling interest** | | | | | |
| Share capital | | 4,769,049 | 3,278,603 | 4,769,049 | 3,278,603 |
| Treasury shares | | (96) | (96) | (96) | (96) |
| Retained earnings | | 771,757 | 553,402 | 127,185 | 109,251 |
| Other reserves | | (163,459) | (141,282) | (316,322) | (141,574) |
| **Equity attributable to owners of the Company** | | **5,377,251** | **3,690,627** | **4,579,816** | **3,246,184** |
| Non-controlling interests | | 669,068 | 586,332 | - | - |
| **Total equity** | | **6,046,319** | **4,276,959** | **4,579,816** | **3,246,184** |
| **Total liabilities and equity** | | **10,870,024** | **8,166,621** | **4,720,118** | **3,402,030** |

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

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

| **As at 30.9.15 RMB'000** | | **As at 31.12.14 RMB'000** | |
|---|---|---|---|
| Secured/ Guaranteed | Unsecured/ Unguaranteed | Secured/ Guaranteed | Unsecured/ Unguaranteed |
| 1,360,915 | 531,522 | 783,276 | 252,335 |

**Amount repayable after one year**

| **As at 30.9.15 RMB'000** | | **As at 31.12.14 RMB'000** | |
|---|---|---|---|
| Secured/ Guaranteed | Unsecured/ Unguaranteed | Secured/ Guaranteed | Unsecured/ Unguaranteed |
| 992,334 | 498,100 | 1,227,500 | 492,017 |

**Details of any collateral**

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

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

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

| | Group | | Group | |
|---|---|---|---|---|
| | For 3 Months Ended | | For 9 Months Ended | |
| | 30.9.15 | 30.9.14 | 30.9.15 | 30.9.14 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Cash flows from operating activities** | | | | |
| **Profit before tax** | **138,699** | **115,910** | **378,492** | **322,278** |
| Adjustments for: | | | | |
| Allowance/(reversal) for doubtful receivables, net (trade) | 94 | (817) | (414) | (2,301) |
| Allowance/(reversal) for doubtful receivables, net ( non-trade) | 32 | 7 | 331 | (4,678) |
| Bad debts written off (trade) | - | 8 | - | 56 |
| Reversal of allowance for inventories | - | - | (20) | - |
| Allowance for foreseeable losses | - | (780) | - | - |
| Depreciation of property, plant and equipment | 3,118 | 2,920 | 8,805 | 7,873 |
| Property, plant and equipment written off | (31) | 8 | 80 | 8 |
| Amortisation of intangible assets | 18,587 | 16,310 | 55,676 | 45,037 |
| Amortisation of land use rights | 40 | 414 | 138 | 1,138 |
| Loss/(gain) on disposal of property, plant and equipment | - | 293 | (3,081) | 1,347 |
| Gain on disposal of interest in a subsidiary | - | (9,048) | - | (5,227) |
| Finance income | (4,131) | (39,429) | (9,103) | (46,252) |
| Finance expenses | 47,232 | 39,773 | 126,076 | 110,483 |
| Share of results of associates | (8,829) | (10) | (13,995) | (14) |
| Share of results of joint ventures | (15,602) | (11,528) | (40,996) | (41,992) |
| Foreign exchange (gain)/ loss | (4,047) | 3,102 | (7,307) | (5,608) |
| Fair value loss from held for trading investment | 4,952 | - | 706 | - |
| **Operating cash flow before working capital changes** | **180,114** | **117,133** | **495,388** | **382,148** |
| (Increase)/decrease in: | | | | |
| Inventories | (821) | 1,229 | (1,355) | (8,735) |
| Amounts due from/to customers for contract work, net | (4,063) | (18,869) | (1,815) | (20,489) |
| Trade receivables, other receivables and prepayments | 96,791 | 24,000 | (57,351) | (131,228) |
| Bills receivables | (181) | 821 | 294 | (9,209) |
| Receivables under service concession arrangements | (203,847) | (43,698) | (407,484) | (98,658) |
| Amounts due from joint ventures | 386 | 89 | 201 | 89 |
| Amounts due from associate | (2,213) | (447) | (2,463) | (1,112) |
| Increase/(decrease) in: | | | | |
| Trade payables and other payables(inclusive of non-current liabilities) | 110,537 | 57,965 | 91,044 | 57,899 |
| Bills payable to banks | 4,115 | 6,960 | (68,641) | 66,614 |
| **Cash generated from operating activities** | **180,818** | **145,183** | **47,818** | **237,319** |
| Interest received | 4,937 | 819 | 8,244 | 5,787 |
| Income tax paid | (11,879) | (10,715) | (51,190) | (33,331) |
| **Net cash generated from operating activities (Note A)** | **173,876** | **135,287** | **4,872** | **209,775** |
| **Cash flows from investing activities:** | | | | |
| Purchase of property, plant and equipment | (4,702) | (2,382) | (11,338) | (5,077) |
| Purchase of intangible assets, net of amount on credit terms | (8,903) | (11,463) | (31,258) | (122,557) |
| Proceeds from grants | - | - | 7,300 | 45,523 |
| (Increase)/Decrease in prepayment for property, plant and equipment and intangible assets | (2,317) | 7,566 | (1,865) | 3,105 |
| Proceeds from disposal of property, plant and equipment | 8 | 234 | 131 | 858 |
| Net cash outflow on acquisition of subsidiaries (Note B) | - | (94,819) | (598,542) | (228,542) |
| Net cash outflow on acquisition of a joint venture | - | - | - | (530,000) |
| Net cash outflow on investment in available-for-sale financial instruments | | (210,000) | - | (210,000) |
| Net cash inflow/ (outflow) on disposal of interest in subsidiaries | - | 85 | - | (283) |
| Dividend received from a joint venture | 24,786 | 29,271 | 24,886 | 29,271 |
| Net cash outflow on investment in held-for-trading financial instrument | - | - | (18,476) | - |
| **Net cash generated from/(used in) investing activities** | **8,872** | **(281,508)** | **(629,162)** | **(1,017,702)** |

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

| | Group | | Group | |
|---|---|---|---|---|
| | For 3 Months Ended | | For 9 Months Ended | |
| | 30.09.15 | 30.09.14 | 30.09.15 | 30.09.14 |
| | RMB'000 | RMB'000 | | RMB'000 |
| **Cash flows from financing activities:** | | | | |
| Proceeds from bank and other borrowings | 24,258 | 278,469 | 1,052,525 | 547,787 |
| Repayment of bank and other borrowings | (107,801) | (189,867) | (434,399) | (839,642) |
| Repayment under finance leaseback arrangement | (8,333) | (8,333) | (25,000) | (25,000) |
| Interest paid | (44,168) | (30,954) | (122,064) | (104,111) |
| Dividend paid to non-controlling interest in subsidiaries | (490) | - | (12,752) | (6,900) |
| Net proceeds from share placement | - | 767,301 | - | 750,516 |
| Acquisition of non-controlling interests | - | - | (107,634) | - |
| Increase in deposits pledged to banks | (29,791) | (7,421) | (9,439) | (37,848) |
| **Net cash (used in)/generated from financing activities** | **(166,325)** | **809,195** | **341,237** | **284,802** |
| Net Increase/(decrease) in cash and cash equivalents | 16,423 | 662,974 | (283,053) | (523,125) |
| Cash and cash equivalents at beginning of period | 818,532 | 712,799 | 1,119,272 | 1,878,834 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | (6,762) | (23,908) | (8,026) | (3,844) |
| **Cash and cash equivalents at end of period** | **828,193** | **1,351,865** | **828,193** | **1,351,865** |

| | | | | |
|---|---|---|---|---|
| **Cash and cash equivalents at end of period** | | | | |
| Cash and bank balances | 905,037 | 1,416,414 | 905,037 | 1,416,414 |
| Less: Bank deposits | (76,844) | (64,549) | (76,844) | (64,549) |
| Cash and cash equivalents | **828,193** | **1,351,865** | **828,193** | **1,351,865** |

**Note A**

In accordance with the application of INT FRS 112 *Service Concession Arrangements* and FRS 7 *Statement of Cash Flows*, the movement in the receivables under service concession arrangements has been classified under operating activities. The movement in working capital changes for 9MFY2015 and 3QFY2015 includes (i) cash outflow in relation to the additions of receivables under service concession arrangements (i.e. arising from the construction and/or purchase of water treatment facilities) of RMB344.1 million (9MFY2014: RMB100.7 million) and RMB144.8 million (3QFY2014: RMB33.5 million) respectively; and (ii) cash inflow in relation to refundable deposit for bidding of service concession projects of Nil (9MFY2014: cash outflow of RMB20.7 million) and RMB101.0 million (3QFY2014: RMB30.5 million) respectively. Excluding these additions of receivables under service concession arrangements and refundable deposits, the net cash generated from operating activities for 9MFY2015 and 3QFY2015 would be RMB349.0 million (9MFY2014: RMB331.2 million) and RMB217.7 million (3QFY2014: RMB138.3 million) respectively.

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

**Note B**

**(i) Acquisition of Fudan Water Engineering and Technology Co., Ltd. ("Fudan Water")**

In May 2015, the Group acquired 92.15% interest in Fudan Water for a total purchase consideration of RMB2,116,507,000. Fudan Water is engaged principally in the business of waste water treatment, construction, design, supervision and operation of water treatment projects and operation of waste water treatment plants.

The purchase price allocation ("**PPA**") exercise in respect of the above acquisition has not been completed as at 30 Semptember 2015. The Group has 12 months from date of acquisition to finalise the fair value measurement and accounting as allowed under FRS 103R *Business Combinations*. For 1HFY2015, the Group has determined that the purchase consideration for this acquisition to approximate the provisional fair value of the net identifiable asset acquired. Accordingly, no provisional goodwill or negative goodwill arising from this acquisition was recognised.

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

| | **Fudan Water RMB'000** |
|---|---|
| Provisional fair value of assets acquired and liabilities recognised at the date of acquisition* | |
| Cash and cash equivalents | 27,520 |
| Pledged bank deposits | 4,000 |
| Trade receivables | 139,380 |
| Other receivables | 58,678 |
| Prepayments | 890 |
| Inventories | 11 |
| Receivables under service concession arrangements | 762,731 |
| Property, plant and equipment | 3,134 |
| Intangible assets | 1,477,188 |
| Interest in associates | 36,359 |
| Available-for-sale financial instruments | 500 |
| Trade payables | (10,978) |
| Other payables, accruals and provisions | (130,356) |
| Tax payable | (893) |
| Bank and other borrowings | (67,000) |
| Deferred tax liabilities | (36,935) |
| Total identifiable net assets at fair value | 2,264,229 |
| Non-controlling interest measures at fair value | (147,721) |
| | **2,116,508** |
| Consideration transferred | |
| Cash | 626,062 |
| Consideration shares | 1,490,446 |
| Total consideration transferred | **2,116,508** |
| Net cash outflow arising from acquisitions | |
| Cash consideration paid | 626,062 |
| Less: Cash and cash equivalents acquired | (27,520) |
| Net cash outflow on acquisitions | **598,542** |

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

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

| GROUP | Attributable to owners of the Company | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Treasury shares | Retained earnings | Other reserves, total | Capital reserve | General Reserve | Investment revaluation reserve | Translation reserve | Effects of changes in ownership interest in subsidiaries where there is no change in control | Merger reserve | Equity attributable to owners of the Company | Non-controlling interests | Total equity |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Balance at 1.1.15** | **3,278,603** | **(96)** | **553,402** | **(141,282)** | **24,465** | **97,875** | **2,099** | **(39,525)** | **(25,881)** | **(200,315)** | **3,690,627** | **586,332** | **4,276,959** |
| Profit for the period | **-** | **-** | 68,373 | **-** | **-** | **-** | - | - | **-** | **-** | **68,373** | 15,810 | **84,183** |
| Other comprehensive income | | | | | | | | | | | | | |
| Exchange differences arising on translation, net of tax | **-** | **-** | - | **(42,721)** | **-** | **-** | - | (42,721) | **-** | **-** | **(42,721)** | **-** | (42,721) |
| Fair value change on available-for-sale financial instrument | **-** | **-** | - | **36,975** | **-** | **-** | 36,975 | - | **-** | **-** | **36,975** | **-** | 36,975 |
| Other comprehensive income for the period, net of tax | **-** | **-** | - | **(5,746)** | | | 36,975 | (42,721) | **-** | **-** | **(5,746)** | **-** | **(5,746)** |
| Total comprehensive income for the period | **-** | **-** | **68,373** | **(5,746)** | **-** | **-** | **36,975** | **(42,721)** | **-** | **-** | **62,627** | **15,810** | **78,437** |
| Transactions with owners recognised directly in equity | | | | | | | | | | | | | |
| Transfer to general reserve | - | - | 76 | **(76)** | **-** | (76) | - | - | - | - | **-** | - | **-** |
| Total | **-** | **-** | **76** | **(76)** | **-** | **(76)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Others | | | | | | | | | | | | | |
| Dividends declare to non-controlling interest | - | - | - | **-** | **-** | - | - | - | - | - | **-** | (4,560) | **(4,560)** |
| Total | - | - | - | **-** | **-** | - | - | - | - | - | **-** | **(4,560)** | **(4,560)** |
| **Balance at 31.3.15** | **3,278,603** | **(96)** | **621,851** | **(147,104)** | **24,465** | **97,799** | **39,074** | **(82,246)** | **(25,881)** | **(200,315)** | **3,753,254** | **597,582** | **4,350,836** |
| Profit for the period | **-** | **-** | 83,077 | **-** | **-** | **-** | - | - | **-** | **-** | **83,077** | 19,211 | **102,288** |
| Other comprehensive income | | | | | | | | | | | | | |
| Exchange differences arising on translation, net of tax | **-** | **-** | - | **7,421** | **-** | **-** | - | 7,421 | **-** | **-** | **7,421** | **-** | **7,421** |
| Fair value change on available-for-sale financial instrument | **-** | **-** | - | **57,234** | **-** | **-** | 57,234 | - | **-** | **-** | **57,234** | **-** | **57,234** |
| Other comprehensive income for the period, net of tax | **-** | **-** | - | **64,655** | **-** | **-** | 57,234 | 7,421 | **-** | **-** | **64,655** | **-** | **64,655** |
| Total comprehensive income for the period | **-** | **-** | **83,077** | **64,655** | **-** | **-** | **57,234** | **7,421** | **-** | **-** | **147,732** | **19,211** | **166,943** |
| Transactions with owners recognised directly in equity | | | | | | | | | | | | | |
| Transfer to general reserve | - | - | (7,238) | **7,238** | - | 7,238 | - | - | - | - | **-** | - | **-** |
| Settlement of consideration for acquisition of subsidiaries | 1,490,446 | - | - | **-** | - | - | - | - | - | - | **1,490,446** | - | **1,490,446** |
| Acquisition of non-controlling interest | - | - | - | **(4,292)** | - | - | - | - | (4,292) | - | **(4,292)** | (103,343) | **(107,635)** |
| Acquisition of subsidiaries | - | - | - | **-** | - | - | - | - | - | - | **-** | 149,830 | **149,830** |
| Total | **1,490,446** | **-** | **(7,238)** | **2,946** | **-** | **7,238** | **-** | **-** | **(4,292)** | **-** | **1,486,154** | **46,487** | **1,532,641** |
| Others | | | | | | | | | | | | | |
| Dividend declare to non-controlling interest | **-** | **-** | **-** | **-** | **-** | **-** | - | **-** | **-** | **-** | **-** | (6,492) | **(6,492)** |
| **Total** | **-** | **-** | **-** | **-** | **-** | **-** | - | **-** | **-** | **-** | **-** | (6,492) | **(6,492)** |
| **Balance at 30.6.15** | **4,769,049** | **(96)** | **697,690** | **(79,503)** | **24,465** | **105,037** | **96,308** | **(74,825)** | **(30,173)** | **(200,315)** | **5,387,140** | **656,788** | **6,043,928** |

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

| GROUP | Attributable to owners of the Company | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Treasury shares | Retained earnings | Other reserves, total | Capital reserve | General Reserve | Investment revaluation reserve | Translation reserve | Effects of changes in ownership interest in subsidiaries where there is no change in control | Merger reserve | Equity attributable to owners of the Company | Non-controlling interests | Total equity |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Profit for the period | - | - | 89,290 | - | - | - | - | - | - | - | **89,290** | 19,889 | **109,179** |
| Other comprehensive income | | | | | | | | | | | | | |
| Exchange differences arising on translation, net of tax | - | - | - | **(54,922)** | - | - | - | (54,922) | - | - | **(54,922)** | - | **(54,922)** |
| Fair value change on available-for-sale financial instrument | - | - | - | **(44,257)** | - | - | (44,257) | - | - | - | **(44,257)** | - | **(44,257)** |
| Other comprehensive income for the period, net of tax | - | - | - | **(99,179)** | - | - | (44,257) | (54,922) | - | - | **(99,179)** | - | **(99,179)** |
| Total comprehensive income for the period | - | - | **89,290** | **(99,179)** | - | - | **(44,257)** | **(54,922)** | - | - | **(9,889)** | **19,889** | **10,000** |
| Transactions with owners recognised directly in equity | | | | | | | | | | | | | |
| Transfer to general reserve | - | - | (15,223) | **15,223** | - | 15,223 | - | - | - | - | **-** | - | **-** |
| Acquisition of subsidiaries | - | - | - | **-** | - | - | - | - | - | - | **-** | (2,109) | (2,109) |
| Total | - | - | **(15,223)** | **15,223** | - | **15,223** | - | - | - | - | **-** | **(2,109)** | **(2,109)** |
| Others | | | | | | | | | | | | | |
| Dividend declare to non-controlling interest | - | - | - | - | - | - | - | - | - | - | **-** | (5,500) | (5,500) |
| **Total** | - | - | - | - | - | - | - | - | - | - | **-** | **(5,500)** | **(5,500)** |
| **Balance at 30.9.15** | **4,769,049** | **(96)** | **771,757** | **(163,459)** | **24,465** | **120,260** | **52,051** | **(129,747)** | **(30,173)** | **(200,315)** | **5,377,251** | **669,068** | **6,046,319** |

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

| GROUP | Attributable to owners of the Company | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Treasury shares | Retained earnings | Other reserves, total | Capital reserve | General Reserve | Translation reserve | Effects of changes in ownership interest in subsidiaries where there is no change in control | Merger reserve | Equity attributable to owners of the Company | Non-controlling interests | Total equity |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Balance at 1.1.14** | **2,512,500** | **(96)** | **315,724** | **(98,551)** | **24,465** | **73,137** | **30,532** | **(26,370)** | **(200,315)** | **2,729,577** | **559,539** | **3,289,116** |
| Profit for the period | **-** | **-** | 63,611 | **-** | **-** | **-** | - | **-** | **-** | **63,611** | **19,628** | **83,239** |
| Other comprehensive income | | | | | | | | | | | | |
| Exchange differences arising on translation, net of tax | **-** | **-** | - | **16,218** | **-** | **-** | 16,218 | **-** | **-** | **16,218** | **-** | **16,218** |
| Other comprehensive income for the period, net of tax | **-** | **-** | - | **16,218** | **-** | **-** | 16,218 | **-** | **-** | **16,218** | **-** | **16,218** |
| Total comprehensive income for the period | **-** | **-** | **63,611** | **16,218** | **-** | **-** | **16,218** | **-** | **-** | **79,829** | **19,628** | **99,457** |
| Transactions with owners recognised directly in equity | | | | | | | | | | | | |
| Disposal of interest in a subsidiary | - | - | - | **-** | **-** | - | - | - | - | **-** | **(21,851)** | **(21,851)** |
| Total | - | - | - | **-** | **-** | - | - | - | - | **-** | **(21,851)** | **(21,851)** |
| **Balance at 31.3.14** | **2,512,500** | **(96)** | **379,335** | **(82,333)** | **24,465** | **73,137** | **46,750** | **(26,370)** | **(200,315)** | **2,809,406** | **557,316** | **3,366,722** |
| Profit for the period | **-** | **-** | 65,953 | **-** | **-** | **-** | - | **-** | **-** | 65,953 | **17,678** | **83,631** |
| Other comprehensive income | | | | | | | | | | | | |
| Exchange differences arising on translation, net of tax | **-** | **-** | - | **8,620** | **-** | **-** | 8,620 | **-** | **-** | **8,620** | **-** | **8,620** |
| Other comprehensive income for the period, net of tax | **-** | **-** | - | **8,620** | **-** | **-** | 8,620 | **-** | **-** | **8,620** | **-** | **8,620** |
| Total comprehensive income for the period | **-** | **-** | 65,953 | **8,620** | **-** | **-** | **8,620** | **-** | **-** | **74,573** | **17,678** | **92,251** |
| Transactions with owners recognised directly in equity | | | | | | | | | | | | |
| Share issue costs | (550) | - | - | **-** | **-** | - | - | - | - | **(550)** | **-** | **(550)** |
| Acquisition of non-controlling interests | - | - | **-** | **489** | - | **-** | - | 489 | **-** | **489** | **(7,389)** | **(6,900)** |
| Transfer to general reserve | - | - | (209) | **209** | **-** | 209 | - | - | - | **-** | - | - |
| Total | **(550)** | **-** | **(209)** | **698** | **-** | **209** | **-** | **489** | **-** | **(61)** | **(7,389)** | **(7,450)** |
| Others | | | | | | | | | | | | |
| Dividends declared to non-controlling interest | - | - | **-** | - | - | **-** | - | - | **-** | - | **(2,000)** | **(2,000)** |
| Total | - | - | **-** | - | - | **-** | - | - | **-** | - | **(2,000)** | **(2,000)** |
| **Balance at 30.6.14** | **2,511,950** | **(96)** | **445,079** | **(73,015)** | **24,465** | **73,346** | **55,370** | **(25,881)** | **(200,315)** | **2,883,918** | **565,605** | **3,449,523** |

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

| GROUP | Attributable to owners of the Company | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Treasury shares | Retained earnings | Other reserves, total | Capital reserve | General Reserve | Translation reserve | Effects of changes in ownership interest in subsidiaries where there is no change in control | Merger reserve | Equity attributable to owners of the Company | Non-controlling interests | Total equity |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Profit for the period | - | - | 66,958 | - | - | - | - | - | - | 66,958 | **21,909** | **88,867** |
| Other comprehensive income | | | | | | | | | | | | |
| Exchange differences arising on translation, net of tax | - | - | - | **(50,779)** | - | - | (50,779) | - | - | **(50,779)** | - | **(50,779)** |
| Other comprehensive income for the period, net of tax | - | - | - | **(50,779)** | - | - | (50,779) | - | - | **(50,779)** | - | **(50,779)** |
| Total comprehensive income for the period | - | - | 66,958 | **(50,779)** | - | - | **(50,779)** | - | - | **16,179** | **21,909** | **38,088** |
| Transactions with owners recognised directly in equity | | | | | | | | | | | | |
| Share placement, net (Note 1) | - | - | - | **767,293** | 767,293 | - | - | - | - | **767,293** | - | **767,293** |
| Transfer to general reserve | - | - | (683) | **683** | - | 683 | - | - | - | - | - | - |
| Total | - | - | **(683)** | **767,976** | **767,293** | **683** | - | - | - | **767,293** | - | **767,293** |
| Others | | | | | | | | | | | | |
| Dividends declared to non-controlling interest | - | - | - | - | - | - | - | - | - | - | **(11,974)** | **(11,974)** |
| Total | - | - | - | - | - | - | - | - | - | - | **(11,974)** | **(11,974)** |
| **Balance at 30.9.14** | **2,511,950** | **(96)** | **511,354** | **644,182** | **791,758** | **74,029** | **4,591** | **(25,881)** | **(200,315)** | **3,667,390** | **575,540** | **4,242,930** |

Note 1: In connection with the share placement of 1,000,000,000 shares (the "**2014 Placement**"), the Company has entered into a share lending agreement ("**Share Lending Agreement**") with the controlling shareholder of the Company, Shanghai Industrial Holdings Limited ("**SIHL**"). SIHL has loaned 1,000,000,000 shares beneficially held by SIHL, for the purpose of facilitating delivery of the placement shares in connection with the 2014 Placement to the external subscribers. Prior to the allotment of the 1,000,000,000 shares, the Company has recorded the net proceeds received as capital reserve. The 1,000,000,000 shares are allotted and issued on 17 October 2014 for the settlement of the Share Lending Agreement.

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

| **COMPANY** | **Attributable to owners of the Company** | | | | |
|---|---|---|---|---|---|
| | **Share capital** | **Treasury shares** | **Retained earnings/ (Accumulated losses)** | **Other reserves*** | **Total equity** |
| | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** |
| **Balance at 1.1.15** | **3,278,603** | **(96)** | **109,251** | **(141,574)** | **3,246,184** |
| Profit for the period | - | - | 14,609 | - | **14,609** |
| Other comprehensive income/ (loss) | | | | | |
| Exchange differences arising on translation, net of tax | - | - | - | (111,512) | **(111,512)** |
| Other comprehensive income for the period, net of tax | - | - | - | (111,512) | **(111,512)** |
| Total comprehensive income/ (loss) for the period | **-** | **-** | **14,609** | **(111,512)** | **(96,903)** |
| **Balance at 31.3.15** | **3,278,603** | **(96)** | **123,860** | **(253,086)** | **3,149,281** |
| Loss for the period | - | - | (22,197) | - | **(22,197)** |
| Other comprehensive income | | | | | |
| Exchange differences arising on translation, net of tax | - | - | - | 75,459 | **75,459** |
| Other comprehensive income for the period, net of tax | - | - | - | 75,459 | **75,459** |
| Total comprehensive income for the period | | - | **(22,197)** | **75,459** | **53,262** |
| Transactions with owners recognised directly in equity | | | | | |
| Settlement of consideration for acquisition of subsidiaries | 1,490,446 | - | - | **-** | **1,490,446** |
| Total | **1,490,446** | - | **-** | **-** | **1,490,446** |
| **Balance at 30.6.15** | **4,769,049** | **(96)** | **101,663** | **(177,627)** | **4,692,989** |
| Profit for the period | - | - | 25,522 | - | **25,522** |
| Other comprehensive income/ (loss) | | | | | |
| Exchange differences arising on translation, net of tax | - | - | - | (138,695) | **(138,695)** |
| Other comprehensive income for the period, net of tax | - | - | - | (138,695) | **(138,695)** |
| Total comprehensive income/ (loss) for the period | **-** | **-** | **25,522** | **(138,695)** | **(113,173)** |
| **Balance at 30.9.15** | **4,769,049** | **(96)** | **127,185** | **(316,322)** | **4,579,816** |

* Relates to translation reserve.

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

| **COMPANY** | **Attributable to owners of the Company** | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Share capital** | **Treasury shares** | **Retained earnings/ (Accumulated losses)** | **Other reserves, total** | **Capital reserves** | **Translation reserves** | **Total equity** |
| | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** |
| **Balance at 1.1.14** | **2,512,500** | **(96)** | **55,229** | **(38,104)** | **-** | **(38,104)** | **2,529,529** |
| Loss for the period | - | - | (3,383) | **-** | **-** | **-** | **(3,383)** |
| Other comprehensive income/ (loss) | | | | | | | |
| Exchange differences arising on translation, net of tax | - | - | - | 67,154 | - | 67,154 | **67,154** |
| Other comprehensive income for the period, net of tax | **-** | **-** | **-** | **67,154** | - | **67,154** | **67,154** |
| Total comprehensive income/ (loss) for the period | **-** | **-** | **(3,383)** | **67,154** | - | **67,154** | **63,771** |
| **Balance at 31.3.14** | **2,512,500** | **(96)** | **51,846** | **29,050** | - | **29,050** | **2,593,300** |
| Profit for the period | - | - | 12,599 | - | | - | **12,599** |
| Other comprehensive income | | | | | | | |
| Exchange differences arising on translation, net of tax | - | - | - | 29,780 | - | 29,780 | **29,780** |
| Other comprehensive income for the period, net of tax | **-** | **-** | **-** | **29,780** | - | **29,780** | **29,780** |
| Total comprehensive income for the period | **-** | **-** | **12,599** | **29,780** | - | **29,780** | **42,379** |
| Transactions with owners recognised directly in equity | | | | | | | |
| Share issue costs | (550) | - | - | **-** | **-** | **-** | **(550)** |
| Total | **(550)** | **-** | **-** | **-** | **-** | **-** | **(550)** |
| **Balance at 30.6.14** | **2,511,950** | **(96)** | **64,445** | **58,830** | - | **58,830** | **2,635,129** |
| Profit for the period | - | - | 27,991 | - | - | - | 27,991 |
| Other comprehensive income/(loss) | | | | | | | |
| Exchange differences arising on translation, net of tax | - | - | - | (110,397) | - | (110,397) | (110,397) |
| Other comprehensive loss for the period, net of tax | **-** | **-** | **-** | **(110,397)** | **-** | **(110,397)** | **(110,397)** |
| Total comprehensive income/(loss) for the period | **-** | **-** | **27,991** | **(110,397)** | **-** | **(110,397)** | **(82,406)** |
| Transactions with owners recognised directly in equity | | | | | | | |
| Share placement, net (Note 1) | **-** | - | - | **-** | 767,293 | **-** | 767,293 |
| Total | **-** | **-** | **-** | **767,293** | **767,293** | **-** | **767,293** |
| **Balance at 30.9.14** | **2,511,950** | **(96)** | **92,436** | **715,726** | **767,293** | **(51,567)** | **3,320,016** |

Note 1: In connection with the 2014 Share Placement, the Company has entered into a Share Lending Agreement with SIHL. SIHL has loaned 1,000,000,000 shares beneficially held by SIHL, for the purpose of facilitating delivery of the placement shares in connection with the 2014 Share Placement to the external subscribers. Prior to the allotment of the 1,000,000 shares, the Company has recorded the net proceeds received as capital reserve. The 1,000,000,000 shares are allotted and issued on 17 October 2014 for the settlement of the Share Lending Agreement.

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

Share Capital

| | Group and Company | |
|---|---|---|
| | **Number of ordinary shares** | **Share Capital RMB'000** |
| Issued and paid up share capital | | |
| Balance at 1 January 2015 and 31 March 2015 | 1,917,914,719 | 3,278,603 |
| 312,000,000 shares issued for acquisition of Fudan water | 312,000,000 | 1,490,446 |
| Balance at 30 June 2015 and 30 September 2015 | **2,229,914,719** | **4,769,049** |

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

As at 30 September 2015, the number of ordinary shares in issue was 2,229,914,719 of which 56,400 shares were held by the Company as treasury shares (30 September 2014: 8,589,574,132 ordinary shares of which 282,000 shares were held as treasury shares).

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

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

As at 30 September 2015, there were no convertible securities outstanding (30 September 2014: Nil).

In connection with the acquisition of Rise Wealth Investments Ltd. ("**Rise Wealth**") in FY2012, the Company may be required to issue up to 26,730,407 ("**Earn-Out Shares**") if certain conditions are being met. Please refer to announcement dated 10 June 2012 for more details.

**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 2015, there were 56,400 treasury shares held (31 December 2014: 282,000). Total number of issued shares excluding treasury shares, as at 30 September 2015 was 2,229,858,319 (31 December 2014: 9,589,292,132).

**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 2015.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period, consistent with those of the audited financial statements as at 31 December 2014.

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

No such change in the accounting policies and methods of computation.

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

| | 3 Months Ended | | 9 Months Ended | |
|---|---|---|---|---|
| | 30.9.15 | 30.9.14 | 30.9.15 | 30.9.14 |
| | RMB cents | RMB cents | RMB cents | RMB cents |
| Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:- | | | | |
| (i) Based on weighted average number of ordinary shares in issue (RMB cents) | 4.00 | 3.90 | 11.63 | 11.45 |
| - Weighted average number of shares ('000) | 2,229,858 | 1,717,858 | 2,069,858 | 1,717,858 |
| (ii) On a fully diluted basis of ordinary shares (RMB cents) | 3.96 | 3.50 | 11.48 | 10.95 |
| - Weighted average number of shares ('000) | 2,256,589 | 1,911,511 | 2,096,589 | 1,795,621 |

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

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

| | Group | Company |
|---|---|---|
| | **RMB cents** | **RMB cents** |
| As at 30 September 2015 | 241.15 | 205.39 |
| As at 31 December 2014 | 192.45 | 169.25 |

Net asset value per share is calculated based on the number of shares in issue (excluding treasury shares) of 2,229,858,319 as at 30 September 2015 (31 December 2014: 1,917,858,319).

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

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

**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
**(b) any material factors that affect the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**STATEMENT OF COMPREHENSIVE INCOME**

**Overall Review**

The Group recorded an increase in revenue from RMB1,167.1 million in 9MFY2014 to RMB1,292.7 million in 9MFY2015, representing an increase of 10.8%. Gross profit ("**GP**") has increased from RMB439.4 million in 9MFY2014 to RMB522.8 million in 9MFY2015. Profit from operations improved by 20.8% from RMB332.3 million in 9MFY2014 to RMB401.3 million in 9MFY2015.

Consequently, the Group's profit after tax (attributable to owners of the Company) increased from RMB196.5 million in 9MFY2014 to RMB240.7 million in 9MFY2015, representing an increase of 22.5%.

The increase was due mainly to the following:
(i) contribution from newly acquired entity (Fudan Water) during the current period, as well as contribution from existing entities;
(ii) contribution from associate, Longjiang Environmental Protection Group Co., Ltd. (Longjiang), which was acquired in November 2014.

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

| | 3QFY2015 | 3QFY2014 | Change | 9MFY2015 | 9MFY2014 | Change |
|---|---|---|---|---|---|---|
| | RMB '000 | RMB '000 | % | RMB '000 | RMB '000 | % |
| Construction | 170,144 | 91,790 | 85.4 | 381,710 | 386,000 | (1.1) |
| Operating and maintenance income from service concession arrangements | 198,644 | 179,196 | 10.9 | 566,750 | 498,313 | 13.7 |
| Financial income from service concession arrangements | 76,516 | 57,304 | 33.5 | 200,040 | 165,322 | 21.0 |
| Service income | 32,757 | 24,405 | 34.2 | 88,174 | 87,568 | 0.7 |
| Others | 24,031 | 11,039 | >100.0 | 56,067 | 29,895 | 87.5 |
| **Total** | **502,092** | **363,734** | **38.0** | **1,292,741** | **1,167,098** | **10.8** |

Overall, the Group's revenue increased by RMB125.6 million or 10.8%, from RMB1.17 billion in 9MFY2014 to RMB1.29 billion in 9MFY2015. Meanwhile, the Group's revenue increased by RMB138.4 million or 38.0%, from RMB363.7 million in 3QFY2014 to RMB502.9 million in 3QFY2015. Except for "Construction", revenue across all categories increased in 9MFY2015 and 3QFY2015 as compared to 9MFY2014 and 3QFY2014.

**Construction Revenue**

Construction revenue amounted to RMB170.1 million and RMB381.7 million in 3QFY2015 and 9MFY2015 respectively (3QFY2014: RMB91.8 million; 9MFY2014: RMB386.0 million). The higher revenue was mainly due to relatively higher amount of construction activities in progress in 3QFY2015 as compared to 3QFY2014.

**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 RMB275.2 million and RMB766.8 million in 3QFY2015 and 9MFY2015 respectively (3QFY2014: RMB236.5 million; 9MFY2014: RMB663.6 million). The higher revenue was due mainly to (i) higher water treatment and supply sales volume; (ii) contribution by Shanghai Qingpu Second Wastewater Treatment Co., Limited ("**Shanghai Qingpu**"), Dongguan Fenggang Yantian Fangzhong Water Services Co., Ltd. ("**DGFG**"), Dongguan Shijie Shayao Water Purification Co., Ltd. ("**DGSJ"**) and Dazhou Jiajing Environment Renewable Resource Co., Ltd. ("**Dazhou Jiajing**") which were acquired in FY2014; and (iii) completion of a Transfer-Operate-Transfer ("**TOT**") wastewater treatment project in 1QFY2015; and (iv) contribution by Fudan Water which was acquired in 2QFY2015.

**Service income**

Service income amounted to RMB32.8 million and RMB88.2 million in 3QFY2015 and 9MFY2015(3QFY2014: RMB24.4 million; 9MFY2014: RMB87.6 million). The increase was mainly due to contribution by Fudan Water.

**Other Revenue**

Others revenue amounted to RMB24.0 million and RMB56.1 million in 3QFY2015 and 9MFY2015 (3QFY2014: RMB11.0 million; 9MFY2014: RMB29.9 million). The higher revenue was due mainly to higher volume of installation works carried out, which are ad-hoc in nature.

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

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

The Group's GP increased by RMB52.3 million or 38% from RMB137.7 million in 3QFY2014 to RMB190.0 million in 3QFY2015. Meanwhile, GP increased by RMB83.4 million or 19.0% from RMB439.4 million in 9MFY2014 to RMB522.8 million in 9MFY2015. The increase was mainly due to contribution from newly acquired subsidiaries (Shanghai Qingpu, DGFG, DGSJ and Fudan Water).

GPM increased by 2.3 percentage point from 37.6% in 9MFY2014 to 40.4% in 9MFY2015. Meanwhile, GPM remained constant at 37.9% in 3QFY2015 as compared to 3QFY2014. The increase was mainly due to higher contribution from operating and maintenance income from service concession arrangements during 3QFY2015 and 9MFY2015 as compared to 3QFY2014 and 9MFY2014.

### (C) Other Operating Income/ Other Operating Expenses/ Foreign Exchange (Gain)/ Loss

Other operating income and other operating expenses for 3QFY2015 amounted to RMB7.1 million (3QFY2014: RMB7.0 million) and RMB1.3 million (3QFY2014: nil) respectively. Meanwhile, other operating income and other operating expenses for 9MFY2015 amounted to RMB16.2 million (9MFY2014: RMB21.5 million) and RMB1.5 million (9MFY2014: nil) respectively. The variance in the other operating income and other operating expenses was due mainly to foreign exchange gain/loss recognised for the period. The Group recorded a foreign exchange gain (mainly resulting from movement of RMB against SGD) under "Other operating income" in 3QFY2014 and 9MFY2014, as contrast against foreign exchange loss, recorded under "Other operating expenses" in 3QFY2015 and 9MFY2015.

### (D) Finance Income

Finance income decreased from RMB39.4 million in 3QFY2014 to RMB4.1 million in 3QFY2015 and RMB46.3 million in 9MFY2014 to RMB9.1 million in 9MF2015. The decrease in finance income was due mainly to recognition of an interest income of RMB37.9 million in relation to late repayment of certain trade receivables in 3QFY2014.

### (E) Finance Expenses

Finance expense amounted to RMB47.2 million and RMB126.1 million in 3QFY2015 and 9MFY2015 (3QFY2014: RMB39.8 million; 9MFY2014: RMB110.5 million). The increase in finance expenses was due mainly to increase in average interest-bearing loans and borrowings in 3QFY2015 and 9MFY2015 as compared to 3QFY2014 and 9MFY2014.

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

### (F) Other Income

Other income increased from RMB9.1 million in 3QFY2014 to RMB14.8 million in 3QFY2015 and from RMB12.2 million in 9MFY2014 to RMB39.2 million in 9MFY2015. The increase was due mainly to the recognition of value-added-tax refund imposed on billing raised from concession service agreements as well as reversal of accrual of expenses relating to one of the borrowings, which were no longer required in 9MFY2015.

### (G) Share of Results of Associates/ Share of Results of Joint Ventures

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

### (H) Income Tax Expenses

Income tax expense amounted to RMB29.5 million and RMB82.8 million in 3QFY2015 and 9MFY2015 (3QFY2014: RMB27.0 million; 9MFY2014: RMB66.5 million). The higher income tax expense was due mainly to higher profit generated in 9MFY2015 as compared to 9MFY2014.

### (I) Amortisation of Intangible Assets

Amortisation of intangible assets increased from RMB16.3 million in 3QFY2014 to RMB18.6 million in 3QFY2015 and RMB45.0 million in 9MFY2014 to RMB55.7 million in 9MFY2015. The increase was due to full period amortisation by Dazhou Jiajing, DGFG and DGSJ which were acquired in FY2014 and certain water supply facilities that commenced operation in FY2014.

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

### STATEMENTS OF FINANCIAL POSITION

### (J) Current Assets

Current assets as at 30 September 2015 amounted to RMB2.01 billion (31 December 2014: RMB1.96 billion). The increase was due mainly to (i) higher trade receivables due to billings raised net of collections during the period; (ii) new investment in a held-for-trading financial instrument; and (iii) contribution from newly acquired entity, Fudan Water. The increase was partially offset by cash outflow during 9MFY2015 (for details, please refer to analysis on "Statement of cash flows" below).

### (K) Non-current Assets

Non-current assets as at 30 September 2015 amounted to RMB8.86 billion (31 December 2014: RMB6.21 billion). The increase was due mainly to (i) consolidation of the newly acquired entity, Fudan Water; (ii) construction of certain wastewater treatment projects during 9MFY2015; (iii) fair value gain on investment in Canvest Environmental Protection Group Company Limited ("**Canvest**"); and (iv) accounting of the newly investment in MTI Environment Group Ltd., ("**MTI**"). The increase was partially offset by disposal of certain reclaimed water treatment assets.

### (L) Current Liabilities

Current liabilities as at 30 September 2015 amounted to RMB2.94 billion (31 December 2014: RMB1.84 billion). The increase was due mainly to consolidation of the newly acquired entity, Fudan Water and higher current bank and other borrowings arising from new bank loans taken up which are due for repayment within one year during the period.

### (M) Non-current Liabilities

Non-current liabilities as at 30 September 2015 amounted to RMB1.89 billion (31 December 2014: RMB2.05 billion). The decrease was due mainly to the reclassification of bank loans to current liabilities, which are due for repayment within one year.

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

**STATEMENT OF CASH FLOWS**

As at 30 September 2015, the Group's cash and cash equivalents stood at RMB828.2 million (31 December 2014: RMB1.12 billion). In 9MFY2015, net cash of RMB4.9 million was generated from the Group's operating activities. The movement in working capital changes for 9MFY2015 includes cash outflow in relation to the additions of receivables under service concession arrangements (i.e. arising from the construction and/or purchase of water treatment facilities) of RMB344.1 million. Excluding these additions of receivables under service concession arrangements, the net cash generated from operating activities for 9MFY2015 would be RMB349.0 million. Net cash used in the Group's investing activities of RMB629.2 million in 9MFY2015 was due mainly to (i) purchase of intangibles; (ii) net cash outflow on acquisition of Fudan Water and (iii) net cash outflow on investment in held-for-trading financial instrument. This is partially offset by the proceeds from government grant received. Net cash generated from financing activities of RMB341.2 million in 9MFY2015 was due mainly to net proceeds of bank and other borrowings, partially offset by (i) interest paid; (ii) acquisition of non-controlling interest; and (iii) dividend paid to non-controlling interest shareholders.

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

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

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

In July 2015, the Group announced that its wholly-owned subsidiary, Wuhan Huang-Pi Kaidi Water Services Co., Ltd. was awarded a waste water treatment BOT project in Wuhu with a concessionary period of 30 years. The design capacity of the Wuhu BOT Project is 25,000 tons/day with a discharge standard at grade 1A.

Subsequently in late July, the Group's subsidiary, SIIC Environment Holdings (Weifang) Co., Ltd. Was awarded a waste water treatment BOT project in Quanshuihe by the local government of Dalian City. Including the construction phase and the associate business operation period, the Quanshuihe BOT Project has a concessionary period of 22 years and a designed daily capacity of 105,000 tons.

In November, the Company was awarded Yiyang City Water Company's asset transfer and concessionary water supply projects by the Authority of Yiyang City Housing Bureau, Hunan Province, China. The total current design capacity of Yiyang Water Company is 320,000 tons/day.

At the date of the Press Release, the Group currently holds a portfolio of over 80 water treatment and supply projects (including Longjiang Environmental Protection Group Co., Ltd. ("Longjiang") with a total design capacity of about 6.94 million tons/day. Besides, the Group owns 3 incineration plants with a total design capacity of 3,200 tons/day.

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

In April 2015, the Action Plan on Prevention of Water Pollution ("Action Plan" or "水十条") was announced by China's State Council. The Action Plan introduced more stringent regulations and set new targets for the water industry. Apart from lifting the standards of water supply and wastewater treatment, it has set a deadline for wastewater treatment to achieve Grade 1A discharge standard by 2017. In addition, urban sewage treatment rate must be further elevated from 85% in 2015 to 95% by 2020. The Action Plan urged local governments to accelerate the reform of water-pricing mechanisms and all cities must adopt a tiered pricing system by 2015. The Action Plan also called for the upgrading of current sludge treatment facilities by the end of 2017, while the city sludge treatment rate should reach 90% by 2020.

In the recent 13th Five Year Plan issued by the State Council, improving the environment protection policies is one of the China government's priorities. The government will be implementing stringent management system for water resources. Besides, a national monitoring system for groundwater will be established as well. The government also has pledged to create a nationwide real-time online environmental monitoring system by introducing an emission permit system for companies with stationary pollution sources.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

None.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared or recommended.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

No IPT mandate has been obtained from shareholders.

## 14. Status on the use of net proceeds raised from Rights Issue and Share Placement.

The Company raised approximately S$154.8 million from the share placement exercise in July 2014 ("**2014 Share Placement**"). Deployment of the net proceeds has been in accordance with the intended utilisation as stated in the announcement dated 8 July 2014. Unless otherwise defined, all terms and references used herein shall bear the same meaning ascribed to them in the announcement.

As at to-date, the net proceeds from the 2014 Share Placement has been utilised for the following purposes:

| Purpose | Amount S$ 'million | Remarks |
|---|---|---|
| **Net proceeds raised from the 2014 Share Placement in July 2014** | **154.78** | |
| *Less utilisation:* | | |
| - Payment for the Additional Investment of RMB74.5 million in Wuhan Huang-Pi Kaidi Water Services Co., Ltd. | (15.52) | Please refer to announcement made on 25 September 2014 via SGXNet. |
| - Payment for the purchase consideration of RMB195 million for the 12.1875% acquisition of Longjiang | (41.06) | Please refer to announcement made on 7 November 2014 via SGXNet. |
| - Payment for the Additional Investment of RMB150.3 million in SIIC Environment Holdings (Wuhan) Co., Ltd. | (32.68) | Please refer to announcement made on 18 November 2014 via SGXNet. |
| - Payment for the 70% equity of RMB124.0 million for incorporation of Yinchuan SIIC Environment Binhe Wastewater Treatment Co., Ltd. and SIIC Environment (Yinchuan) Wastewater Treatment Co., Ltd. | (26.55) | Please refer to announcement made on 17 December 2014 via SGXNet. |
| - Payment for the subscription of HK$155.2 million in the capital of Canvest | (26.46) | Please refer to announcement made on 29 December 2014 via SGXNet. |
| **Balance of net proceeds raised from the 2014 Share Placement as at date of this result announcement** | **12.51** | |

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

We, Feng Jun and Xu Zhan, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the period ended 30 September 2015, to be false or misleading, in any material aspect.

On Behalf of the Board of Directors,

**Feng Jun**
**Executive Director**

**Xu Zhan**
**Executive Director**

**BY ORDER OF THE BOARD**

**Xu Zhan**
**Executive Director**
13 November 2015