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SIIC Environment's 9MFY2016 Net Profit Attributable to Shareholders up 18.2% to RMB284.7 million

- Revenue increased 17.1% to RMB1,514.2 million due to contribution from newly acquired entities as well as contribution from existing entities. There was substantial completion of projects, and higher water treatment and supply sales volume in 9MFY2016
- Total design capacity up to 10 million tonnes/day with a more diversified geographic coverage
- Committed to drive growth in China and the rest of Asia through acquisition-driven expansion and organic growth

SINGAPORE, 8 November 2016 – SGX Mainboard-listed water treatment and environmental protection company SIIC Environment Holdings Ltd. ("**SIIC Environment**", the "**Company**", and together with its subsidiaries or collectively as the "**Group**"), recorded an 18.2% year-on-year ("**yoy**") increase in its net profit attributable to shareholders to RMB284.7 million for its nine months ended 30 September 2016 ("**9MFY2016**").

Financial Highlights

RMB '000	3QFY2016	3QFY2015	Change (%)	9MFY2016	9MFY2015	Change (%)
Revenue	394,861	502,092	(21.4)	1,514,161	1,292,741	17.1
Gross Profit	180,972	190,042	(4.8)	549,223	522,765	5.1
Net Profit	110,107	109,179	0.8	338,711	295,650	14.6
Net Profit Attributable to Shareholders	94,045	89,290	5.3	284,661	240,740	18.2
Diluted Earnings Per Ordinary Share * (RMB cents)	4.17	3.96	1.05	12.61	11.48	1.10

Note:
pp: Percentage points
* Calculated based on the weighted average number of 2,256,589,000 shares and 2,256,589,000 shares for 3QFY2016 and 3QFY2015 respectively; and 2,256,589,000 shares and 2,096,589,000 shares for 9MFY2016 and 9MFY2015 respectively..

The Group's revenue recorded an 18.2% increase in revenue from RMB1,292.7 million in 9MFY2015 to RMB1,514.2 million in 9MFY2016. The increase was due mainly to contribution from newly acquired entities as well as contribution from existing entities.

The Group's profit after tax attributable to owners of the Company increased from RMB240.7 million in 9MFY2015 to RMB284.7 million in 9MFY2016, representing an increase of 18.2%. The increase was due mainly to contribution from newly acquired entities as well as contribution from existing entities.

Outlook

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

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

Making a Landmark Transaction in China Water Sector

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

Longjiang Environmental has the largest daily design treatment capacity among the targets of acquisitions in the China water treatment sector in the past 10 years. It is principally engaged in the business of the development and operation of environmental protection related projects and construction and operation of water supply network, and holds 41 projects in the People's

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

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Republic of China, with a total water treatment and supply design capacity of 3.55 million tonnes/day and a sludge handling design capacity of 1,330 tonnes/day.

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

Strengthening the Portfolio through Acquisitions

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

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

Gaining a Foothold into the Concessionary Industrial Wastewater Market

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

In September 2016, the Company entered into a sale and purchase agreement for the acquisition of 60% of the issued and paid-up share capital of Ranhill Water (Hong Kong) Ltd. ("RWHK") for an aggregate consideration of RMB273.9 million.

Incorporated in Hong Kong in November 2008, RWHK is an indirect subsidiary of Malaysian water and power conglomerate, Ranhill Holdings Berhad ("Ranhill", stock code KLSE: RANHILL). RWHK current wastewater treatment services are supplied to industrial parks in Jiangxi, Anhui, Liaoning and Henan based on concession agreements with the local governments, with a total design treatment capacity of 260,000 tonnes/day. Deploying its patented technology, it has

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

"With the Chinese government's continued investment in the water and environment sector and in green financing, there are extensive opportunities for growth in the water and environment sector. I believe that our strong company fundamentals and strategically-located projects have equipped us with the capabilities to take the business to the next level."

Mr. Zhou Jun, Executive Chairman of SIIC Environment

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About SIIC Environment Holdings Ltd.

SIIC Environment Holdings Ltd. ("SIIC Environment" or the "Group", stock code: BHK.SG) is a top-tier integrated player in China's environmental industry. The Group is engaged in water treatment, solid waste treatment and other environment-related businesses. The Group is previously known as Asia Water Technology Ltd ("Asia Water") which was listed on the SGX-ST Catalist in 2005. In 2010 Shanghai Industrial Holdings Ltd. ("SIHL", stock code: 363.HK) acquired a controlling stake and completed debt restructure in Asia Water. The Group was renamed SIIC Environment Holdings Ltd and transferred to the SGXST Mainboard in 2012. Since the restructuring, the Group has shown tremendous growth and continues to increase its market share in China's water and environmental protection sector.

SIIC Environment is an active investor and operator of environment-related assets and has been operating in China's water sector for over a decade. At present, the Group's portfolio boasts over 100 water treatment and supply projects and 4 waste incineration projects across 15 municipalities and provinces, namely Shandong, Guangdong, Hubei, Hunan, Jiangsu, Shanghai, Zhejiang, Fujian, Guangxi, Ningxia, Henan, Liaoning, Shanxi, Sichuan and Heilongjiang.

By leveraging on its business strategy and structure scalability and its technique extensiveness, SIIC Environment seeks to expand its competencies to include related sectors in the water and environmental protection industries such as industrial wastewater treatment, seawater

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desalination, sludge treatment and handling, soil treatment and new energy resources, thereby strengthening its top-tier position in China's environmental investment industry.

For more information, please visit us at www.siicenv.com**.**

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