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SIIC Environment FY2016 Net Profit Attributable to Shareholders Soars 26.2% to RMB454.9 million

- *Revenue increased 46.8% y-o-y to RMB2.6 billion on increased revenue across all categories*
- *Newly acquired entities were main contributors to a strong performance for FY2016*
- *Group to capitalise on opportunities in the water and solid waste treatment industry in China, and Belt and Road initiative to seek new investment opportunities in Southeast Asia*

SINGAPORE, 16 February 2017 – 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 a 26.2% year-on-year ("**y-o-y**") increase in its net profit attributable to shareholders to RMB454.9 million for its full year ended 31 December 2016 ("**FY2016**").

Financial Highlights

RMB'000	4QFY2016	4QFY2015	Change (%)	FY2016	FY2015	Change (%)
Revenue	1,133,936	511,055	>100.0	2,648,097	1,803,796	46.8
Gross Profit	263,073	189,365	38.9	812,296	712,130	14.1
Net Profit	201,707	128,762	56.7	540,418	424,412	27.3
Net Profit Attributable to Shareholders	170,265	119,650	42.3	454,926	360,390	26.2
Diluted Earnings Per Ordinary Share * (RMB cents)	7.55	5.30	42.5pp	20.16	16.86	19.2 pp

Note:
pp: Percentage points
* Calculated based on the weighted average number of 2,256,589,000 shares, 2,256,589,000 shares, 2,256,589,000 shares and 2,136,918,000 shares for 4QFY2016, 4QFY2015, FY2016 and FY2015 respectively.

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The Group's total revenue increased by RMB844.3 million or 46.8%, from RMB1.80 billion in FY2015 to RMB2.65 billion in FY2016. Revenue across all categories increased in FY2016 as compared to FY2015 due mainly to contribution from newly acquired entities as well as contribution from existing entities.

In particular, construction revenue increased by RMB507.3 million from FY2015 to FY2016, due to relatively higher amount of construction activities in progress in FY2016 as compared to FY2015 and newly acquired entities. The aggregate of operating and maintenance income and financial income from service concession arrangements amounted to RMB1.35 billion in FY2016, up from RMB1.09 billion in FY2015. The 23.9% increase was due mainly to higher water treatment and supply sales volume as well as contribution from newly acquired entities during the year.

The Group's gross profit increased from RMB712.1 million in FY2015 to RMB812.3 million in FY2016. The increase was mainly due to contribution from newly acquired entities. As at 31 December 2016, the Group's financial position remained healthy with cash and bank balances of RMB 1.63 billion.

Mr Zhou Jun, Executive Chairman of SIIC Environment, said, "The Group's strong performance in FY2016 is testament to the success of our two-pronged strategy of focusing on organic growth and acquisition-driven expansion in China, both of which have contributed to the increase in bottom line.

Further to this, there have been a series of policy announcements throughout 2016 that will potentially translate to higher revenue for the wastewater treatment industry ahead, which the Group is well-poised to capitalise on."

Outlook

The Chinese government remains steadfast in its commitment to environment conservation and pollution reduction. The major related policy commitments announced during the year include:

- In December 2016, the People's Republic of China's (PRC) National Development and Reform Commission (NDRC) and Department of Housing and Urban-Rural Development jointly issued "the Nation's Construction Plan for Sewage and Recycling Facilities in the 13th Five-Year Plan (2016-2020)". The plan said that China would invest about RMB560

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billion in the wastewater treatment facilities and pipelines construction between 2016 and 2020.[1]

- Also in December 2016, the PRC's National People's Congress (NPC) Standing Committee approved China's first Environmental Protection Tax (EPT) Law after two rounds of review. The EPT Law will replace the existing pollutant discharge fee system with a pollution tax as the main economic tool regulating environmental pollution by businesses in China, and is expected to come into effect on 1 January 2018. [2]
- According to the "Notice of Formulation and Adjustment of Sewage Treatment Fee Standards" published by the NDRC, Ministry of Finance and Department of Housing and Urban-Rural Development in 2015, local governments were tasked to review and revise wastewater treatment fees by the end of 2016. [3]This tariff revision programme has been carried out substantially recently, and while the price adjustment varies based on the different cities and locales, it is expected to increase by an average of 17% across the board.

These new policies and trends bode well for the Group's overall operations and performance.

From 2016 to date, SIIC Environment's newly added and upgrade & expansion water projects total a scale of 3.5 million tons per day, bringing the Group's investment portfolio of about 100 water treatment and supply projects to a total design capacity of over 10 million tons/day. Additionally, the Group increased its waste incineration capacity by 600 tons per day and its sludge treatment capacity by 1,930 tons per day. Its strategically-located projects in China, and the potential to further grow its water, solid waste treatment and sludge treatment businesses indicate positive developments for the year.

The Group had announced a proposed S$220.5 million share placement in January 2017. Its strong cash position keeps it nimble while providing sufficient headroom to respond quickly to potential opportunities in the current business environment.

Mr Zhou said, "The PRC government's continued support and investment in the environmental-related industries in China are positive developments for us. In addition, its continued focus on the 'Belt and Road' initiative points to a more interconnected world and more infrastructure opportunities, which align nicely with our two-pronged growth strategy, including seeking new investment opportunities in Southeast Asia as we expand our footprint across different markets."

[1] http://www.ndrc.gov.cn/zcfb/zcfbtz/201701/t20170122_836015.html
[2] http://www.npc.gov.cn/npc/xinwen/2016-12/25/content_2004993.htm
[3] http://jgs.ndrc.gov.cn/zcfg/201501/t20150126_661215.html

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About SIIC Environment Holdings Ltd.

SIIC Environment Holdings Ltd. ("SIIC Environment"), which listed on the SGX-ST Catalist in 2005 and subsequently transferred to the SGX-ST Mainboard in 2012, is a top-tier integrated player in China's environmental industry. The Group is engaged in water treatment, solid waste treatment and other environmental-related businesses. In 2010, Shanghai Industrial Holdings Limited ("SIHL", stock code: 363. HK) invested, restructured and gained control of Asia Water Technology Ltd (renamed to SIIC Environment). Since then, the Group has obtained tremendous growth, largely enlarging its market share in China's water and environmental protection sector.

SIIC Environment is an active investor and operator of environmental-related assets and has been operating in China's environmental protection sector for over a decade. Currently, the Group boasts an overall portfolio of about 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.

Leveraging on the scalability of its capabilities and business structure, SIIC Environment will continue to expand its competencies to include related sectors in the water and environmental protection industries such as industrial wastewater treatment, seawater desalination, waste-to-power, 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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