

SIIC Environment's net profit attributable to shareholders continues to grow strongly, reaching RMB360.4 million for FY2015

- Revenue increased 19.9% yoy to RMB1.8 billion on higher sales in the construction, income from service concession arrangements and service income business segments
- Net profit attributable to shareholders surged 37.3%¹ yoy due mainly to contribution from Fudan Water acquired in May 2015 and Longjiang Environmental Protection Group acquired in November 2014
- Continue to grow organically and look forward to increasingly positive contribution from present upgrading and expansion opportunities and new M&As

SINGAPORE, 24 February 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**"), continues to grow strongly, recording a net profit attributable to shareholders to RMB360.4 million for its full year ended 31 December 2015 ("**FY2015**").

"Over the past fiscal year, we continued our two-pronged strategy of active M&As and organic growth to drive our water treatment capacity from 5.4 million tons/day to over 7.0 million tons/day. Our newly acquired Fudan Water, which adds 1.0 million tons/day to our capacity, will serve as our fifth regional platform covering East China.

In our objective to be a fully integrated environmental protection player, we have also penetrated into the sludge treatment sector through strategic partnership with International Finance Corporation to invest in MTI Environment Group, one of the top Engineering, Procurement & Construction sludge treatment players in China.

In addition, we have achieved new Build-Operate-Transfer ("BOT") projects in Guangdong, Hubei, Liaoning and Hunan provinces and etc.

We will focus on growing organically and look forward to positive contributions from newly acquired projects. Leveraging on strong shareholder support to grow from strength to strength, we shall continue to deliver quality water assets to our environment. China's

¹ Calculated based on FY2014 net profit attributable to owners of the company RMB262,416,000 which excludes the restatement of a fair value gain on revaluation of financial liability under "Other income" in FY2014 amounting to RMB28,292,328.

continual massive investment in water projects, coupled with the push for public-private partnerships, will benefit the operating landscape for water service companies.”

Mr. Zhou Jun, Executive Chairman of SIIC Environment

Financial Highlights

RMB Million	FY2015	FY2014 (restated)	Change (%)	FY2014 (before restated)	Change (%)
Revenue	1,803.8	1,504.4	19.9	1,504.4	19.9
Gross Profit	712.1	585.6	21.6	585.6	21.6
Other Income	67.9	46.2	46.8	18.0	277.2
Net Profit	424.4	362.0	17.2	333.8	27.1
Net Profit Attributable to Shareholders	360.4	290.7	24.0	262.4	37.3
Diluted Earnings Per Ordinary Share * (RMB cents)	17.07	15.84	7.8	14.3	8.3

	31 Dec 2015	31 Dec 2014	Change (%)
Net Asset Value per share** (RMB cents)	244.24	192.43	26.9

Note:

pp: Percentage points

* Calculated based on the weighted average number of 2,232,733 shares, 1,941,619 shares, 2,110,920 shares and 1,835,317 shares for 4QFY2015, 4QFY2014, FY2015 and FY2014 respectively.

** Calculated based on the number of shares in issue (excluding treasury shares) of 2,256,588,726 as at 31 December 2015 (31 December 2014: 1,917,858,319).

Total revenue for FY2015 increased 19.9% yoy to RMB1.8 billion on the back of 18.5% yoy increase in revenue from construction business segment to RMB523.4 million, 7.8% yoy increase in revenue from operating and maintenance income from service concession arrangements to RMB751.2 million and 55.2% yoy increase in revenue from financial income from service concession arrangements to RMB336.2 million. The higher income from service concession arrangements was largely due to higher water treatment and supply sales volume, contribution by Dongguan Fenggang Yantian Fangzhong Water Services Co., Ltd. and Dongguan

Shijie Shayao Water Purification Co., Ltd. which were acquired in FY2014, completion of a Transfer-Operate-Transfer project in 1QFY2015 and contribution from Fudan Water.

Finance income fell 78.6% yoy to RMB10.4 million for FY2015 due mainly to recognition of interest income of RMB37.9 million in relation to late repayment of certain trade receivables in 3QFY2014.

Finance expenses went up 12.3% yoy to RMB169.9 million for FY2015 as a result of higher average interest-bearing loans and borrowings.

Other income increased 46.8% yoy to RMB67.9 million for FY2015 due mainly to recognition of value-added tax (“VAT”) refund imposed on billing raised from concession service agreements and reversal of accrual of certain borrowing expenses.

Share of results of associates for FY2015 marked a 187.9% yoy increase to RMB22.0 million. These positive contributions reflect the Group’s business acumen in acquiring equity of new associates and investments.

Income tax expenses increased 31.1% yoy to RMB99.6 million for FY2015 largely as a result of higher profit generated in FY2015 compared to FY2014.

Outlook

According to the National Development and Reform Commission, China will invest more than RMB800 billion² in water projects in 2016. Taking water security as a national strategy, the Chinese government will continue to invest in major water projects and stimulate the inflow of private capital.

Mr. Zhou shared, **“In view of the extensive opportunities for growth in the water and environment sector, we are well-equipped with the capabilities to grow bigger to be one of the China’s water giants in the future. Despite facing stiffer competition, we have grown organically, winning new projects over the past fiscal year. With green finance being one of China’s focus in 2016 and expected increase in environmental protection investment in China’s 13th Five-year Plan, we are set to capture the favourable dynamics and develop faster in this sector.”**

² Investment in water projects to top 800b yuan in 2016: NDRC, http://www.chinadaily.com.cn/business/2016-02/18/content_23531013.htm, China Daily, 18 February 2016

The Group has completed the acquisition of Fudan Water Group in May 2015. Fudan Water undertakes approximately 10 projects with a designed water treatment capacity of over 1 million tons/day in Shanghai City, Jiangsu, Zhejiang and Guangdong Provinces. With assets located in some of the most developed regions in China, this acquisition will strengthen the Group's foothold in East China.

The Group has also added the following new projects to its existing portfolio in FY2015:

- Build Operate Transfer (“BOT”) water treatment project with a design capacity of 100,000 tons/day over a concessionary period of 27 years in Huizhou City, Guangdong Province
- BOT water treatment project with a design capacity of 25,000 tons/day at grade 1A over a concessionary period of 30 years in Wuhu, Wuhan City, Hubei Province
- BOT water treatment project with a design capacity of 105,000 tons per day over a concessionary period of 22 years in QuanShuiHe, Dalian City, Liaoning Province
- Asset transfer of Yiyang City Water Company and concessionary water supply projects with design capacity of 320,000 tons/day in Yiyang City, Hunan Province.

Under the new VAT policy, the VAT rebate of wastewater and sewage treatment fee will be set at 70%, effective from 1 July 2015. Previously, wastewater and sewage treatment companies were fully exempted to pay VAT on treatment fees. The Group believes it will have certain impact on its short term earnings but can gradually pass the tax increase on to local government via tariff hikes.

Presently, the Group's investment portfolio consists of over 80 water treatment and supply projects with a total design capacity of 7.0 million tons/day. In addition, the Group has three incineration plants equipped with a total design capacity of 3,200 tons/day.

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About SIIC Environment Holdings Ltd.

SIIC Environment Holdings Ltd. (“SIIC Environment”), 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



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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 more than 80 water treatment and supply projects and 3 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.

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