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## **SIIC ENVIRONMENT HOLDINGS LTD.**

**上海實業環境控股有限公司\***

*(Incorporated in the Republic of Singapore with limited liability)*

**(Hong Kong stock code: 807)**

**(Singapore stock code: BHK)**

### **Operating and Maintenance Income and Financial Income from Service Concession Arrangement up 15.7% to RMB 823 million, Gross Profit Margin up 7.1% to 39.2% in 1QFY2020**

- *Gross profit margin increased by 7.1% from 32.1% to 39.2% in 1QFY2020, mainly due to contribution from operating gross profit*
- *Operating and maintenance income and financial income from service concession arrangements up 15.7%, amounted to RMB823 million in 1QFY2020*
- *The increase of operating and maintenance income was due to an increase of 8.6% in wastewater treatment volume and a 13.1% increase in average treatment tariff*

#### **Financial Highlights**

<b>RMB Thousand</b>	<b>1QFY2020</b>	<b>1QFY2019</b>	<b>Change (%)</b>
<b>Revenue</b>	1,052,924	1,335,519	(21.2)
<b>Gross Profit</b>	412,806	429,246	(3.8)
<b>Net Profit</b>	168,181	190,713	(11.8)
<b>Net Profit Attributable to Shareholders</b>	130,108	150,085	(13.3)
<b>Diluted Earnings Per Ordinary Share (RMB cents)</b>	5.00	5.76	(13.2)

SINGAPORE & HONG KONG, 8 May 2020 – **SIIC Environment Holdings Ltd.** (“**SIIC Environment**” or the “**Company**”, together with its subsidiaries, collectively referred to as the “**Group**”), a leading water treatment and environmental protection company, today announced a net profit attributable to shareholders of RMB130.1 million for the three months ended 31 March 2020 (“1QFY2020”).

The Group's operating and maintenance income and financial income from service concession arrangements in 1QFY2020 surged by 15.7% as both wastewater treatment volume and average treatment tariff increased. The construction revenue decreased by 65.7% year-over-year (YOY) due to restriction of project construction activities during COVID-19 outbreak, resulting in a YOY 21.2% drop in revenue to RMB1.053 billion. Benefiting from the increase in operating profit, the Group's gross profit margin improved significantly from 32.1% in 1QFY2019 to 39.2% in 1QFY2020, up 7.1% YOY. As of 31 March 2020, the Group's cash and cash equivalents stood at RMB2.056 billion.

To a limited extent, the operations of the Group were impacted by the COVID-19 outbreak in the first quarter. As the outbreak in China has been effectively controlled, local governments are gradually resuming the construction and tendering activities of new municipal environmental protection projects. The Group expected to achieve its original construction progress in the following months to make up for construction delays in the first quarter of this financial year.

In terms of new projects, the Group were awarded eight operation and maintenance (O&M) projects, amounting to a total design capacity of 76,300 tonnes/day; eight wastewater treatment projects with a total design capacity of 205,000 tonnes/day were awarded upgrade and expansion and O&M service period extension. During 1QFY2020, two wastewater treatment projects with a total design capacity of 85,000 tonnes/day and two expansion and upgrading projects with a total design capacity of 80,000 tonnes/day have commenced commercial operation.

The Group's volume of wastewater treatment in the first quarter increased by 8.6% YOY to 574 million tonnes. Affected by the pandemic, the water supply volume was slightly reduced by 5.43% to 61 million tonnes compared with the same period last year, and the volume of O&M projects decreased 13.19% to 29 million tonnes. While the Group's average wastewater treatment tariff increased to RMB1.21/tonne from RMB1.07/tonne, up 13.08% YOY; average water supply tariff remained at the same level, changing from

RMB2.6/tonne to RMB2.47/tonne and average O&M service fee changed slightly to RMB0.46/tonne from RMB0.54/tonne.

## **Outlook**

With a sound strategic layout and risk management capability, the Group has weathered the pandemic and projects operation was basically unaffected. In addition, the Group actively responded to the call of the country and shoulder social responsibilities by participating in constructing water supply and drainage systems of module hospitals in certain affected areas in order to overcome difficulties together with the society.

During the outbreak, the Group continued to work by electronic means such as teleconferencing, video conferencing and online meetings, and maintained close communication with relevant government departments. Meanwhile, the Group has fully guaranteed the quality of water supply and sewage treatment in normal and constant operation throughout the year. Business development has also carried out in an orderly manner.

In addition, the Group's solid waste treatment business has continued to develop, as the strategic cooperation with Baowu Environment and Canvest Environmental Protection is progressing smoothly. The Baoshan Renewable Energy Utilization Center Project ("Baoshan Project") has not postponed the schedule during the pandemic. The preliminary work of Baoshan Project is ready and ongoing per the original plan. The Group is optimistic about the future of solid waste environmental protection industry. After the pandemic, the Group will firmly grasp the market opportunities and favorable policies, continue to expand the scale and scope of its business, create more high-standard modern environmental protection projects, and to bring a long-term benefit to its development.

**Mr. Xu Xiaobing, CEO**, said, "The Covid-19 pandemic has been basically under control in China since enterprises have completely resumed work and production. During the pandemic, we have achieved additional growth in gross margin by virtue of good strategic layout and healthy business structure. While ensuring the normal operation of the projects, we also reached out to the people in regions most adversely affected by the pandemic by donating funds and supplies, helping control the spread and rebuilding those areas. In the meantime, we are also applying for tax incentives for enterprises in accordance with the relevant preferential policies of the country to support the resumption of work and

production. Looking ahead, we are confident that after the pandemic, industry demand will further increase and the municipal environmental construction projects will also recover shortly, which offers us solid reasons to remain positive about the prospects and opportunities for the Group and the industry in the coming months”

—Ends—

### **About SIIC Environment Holdings Ltd.**

SIIC Environment Holdings Ltd. (“SIIC Environment”, stock code: BHK.SG, 807.HK) is a top-tier integrated player in China’s water and environmental markets. It is engaged in wastewater treatment, water supply, sludge treatment, solid waste incineration and other environmentally-related businesses. Headquartered in Singapore and listed on the Main Board of SGX-ST, the Company has successfully launched on the Main Board of SEHK in 2018. The controlling shareholder of SIIC Environment, Shanghai Industrial Holdings Limited (“SIHL”, SEHK stock code:363.HK), was established in 1996, with infrastructure, real estate and consumer products as the core businesses. The important strategic investor of the Company, China Energy Conservation and Environmental Protection Group (“CECEP”), is a state-owned enterprise mainly engaged in energy conservation and environmental protection, and was reorganized and established in 2010 with the approval of the State Council of the People’s Republic of China. SIIC Environment has shown tremendous growth and continued to increase its market share in China’s environmental protection sector.

SIIC Environment is an active investor and operator in the environmental protection industry, with an operating history of more than 15 years in China. Currently, it boasts an overall portfolio of more than 200 water treatment and supply projects, eight waste incineration projects and 10 sludge treatment projects across 19 municipalities and provinces in China, namely Shandong, Guangdong, Hubei, Hunan, Jiangsu, Shanghai, Zhejiang, Jiangxi, Anhui, Fujian, Guangxi, Ningxia, Henan, Liaoning, Inner Mongolia, Shanxi, Sichuan, Jilin and Heilongjiang.

Leveraging the Group’s distinctive strategic positioning and business model, SIIC Environment will continue to expand its business in water and solid waste treatment and explore opportunities in other environmentally-related markets such as industrial wastewater treatment, seawater desalination, sludge treatment and disposal, soil remediation, renewable energy, water treatment technology and pollution prevention. The Group is committed to expanding its market share, increasing its scale and efficiency, and consolidating its leading position in China’s water and environmental protection industry.

For more information, please visit: [www.siicenv.com](http://www.siicenv.com)

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By Order of the Board  
**SIIC Environment Holdings Ltd.**  
**Mr. Xu Xiaobing**  
Executive Director

Hong Kong and Singapore, 8 May 2020

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

\* For identification purpose only