

SIIC Environment reports 16.9% increase in net profit attributable to shareholders to RMB151.5 million for 1HFY2015

- Profit improved on the back of contributions from newly acquired Fudan Water and existing entities as well as fair value gain from new investment.
- Gross profit margin improved 4.1 percentage points yoy to 42.1% mainly due to higher contribution from higher margin operating and maintenance income from service concession arrangements.
- The Group to continue M&A and organic growth in view of favourable policies.

SINGAPORE, 12 August 2015 – 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 16.9% year-on-year (“**yoy**”) increase in its net profit attributable to shareholders to RMB151.5 million for its

Financial Highlights

RMB'mil	1H2015	1H2014	Change (%)
Revenue	790.6	787.6	0.4
Gross Profit	332.7	299.3	11.2
Gross Profit Margin	42.1%	38.0%	4.1 pp
Net Profit	186.5	166.9	11.7
Net Profit margin	23.6%	21.2%	2.4 pp
Net Profit Attributable to Shareholders	151.5	129.6	16.9
Diluted Earnings Per Ordinary Share * (RMB cents)	1.50	1.49	0.7

Note:

pp: Percentage points

* Calculated based on the weighted average number of 10,076,314,000 shares, 8,678,886,000 shares for 1HFY2015 and 1HFY2014 respectively.

Revenue for 1HFY2015 marginally improved 0.4% yoy to RMB790.6 million mainly due to higher operating and maintenance income RMB49.0 million from service concession arrangements and financial income from service concession arrangements. The increase was partially offset by a 24.0% decrease in construction revenue resulting from (i) disposal of EPC business in FY2014 ;(ii) lower percentage of settlement of projects in construction during the period under review.

Gross profit increased 11.2% yoy to RMB332.7 million for 1HFY2015, representing an increase in gross margin from 38.0% to 42.1%, mainly due to higher contribution from operating and maintenance income from service concession arrangements which has a higher gross profit margin.

Other income increased from RMB6.7 million for 1HFY2014 to RMB24.4 million for 1HFY2015, due mainly to fair value gain recognised from the held-for-trading financial instrument.

Profit attributable to shareholders increased 16.9% yoy to RMB151.5 million for 1HFY2015, mainly due to contribution from existing entities as the result of increased water treatment volume. The fair value gain of RMB4.2 million recognised from the new investment in a Held-for-trading financial instrument and newly acquired entity (Fudan Water Engineering and Technology Co., Ltd), which was consolidated into the Group's financial statements from 1st June 2015 contributed partially of the profit increase in 1HFY2015.

Recent developments and outlook

In April, the Group jointly invested with International Finance Corporation in MTI Environment Group Ltd., a well-known enterprise in the domestic sludge treatment industry and an Engineering, Procurement and Construction contractor in the water treatment industry.

In May, the Group started construction of Wuhan Hanxi Phase 2 ("Hanxi Phase 2") expansion project with total expecting investment amounting to RMB700 million. Upon completion, Hanxi Phase 2 will contribute a water treatment capacity of 600,000 tons/day to the Group.

Also In May, the Group has completed the proposed acquisition of Fudan Water Group ("Fudan Water"). Fudan Water currently undertakes about 10 projects with a design water treatment capacity of over 1 million tons/day in Shanghai City, Jiangsu, Zhejiang and Guangdong provinces.



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In June, the Group announced that the Group's 91.203% owned subsidiary, Nanfang Water Co., Ltd. has been awarded Meihu Water Treatment Center Phase 3 BOT wastewater treatment project ("Meihu Project") by the government. Including 2 years of construction phase, Meihu Project has a concessionary period of 27 years with a design capacity of 100,000 tons/day.

In July, the Group announced that its wholly-owned subsidiary, Wuhan Huang-Pi Kaidi Water Services Co., Ltd. has been awarded a BOT project with a concessionary period of 30 years. The investment in the Wuhu BOT Project is RMB63,760,000 with a design capacity of 25,000 tons/day and a discharge standard at grade 1A, and the design capacities in the near-term and long-term are set to 50,000 tons/day and 100,000 tons/day respectively.

Subsequently in late July, the Group's 75.5% owned subsidiary, SIIC Environment Holdings (Weifang) Co., Ltd. has been awarded a BOT wastewater treatment project ("Quanshuihe Project") by the local government of Dalian City in Quanshuihe. Including the construction phase and the associate business operation period, the Quanshuihe Project has a concessionary period of 22 years and a designed daily capacity of 105,000 tons.

"With the recent government's intention of increasing investment in the environmental protection sector in the 13th Five Year Plan and the promotion of urban sewage treatment and development of underground networks, more projects are anticipated to be made available from municipal governments.

Despite intensifying competition, we expect the water treatment industry in China will continue to grow in tandem with the government's initiatives. The group will continue its focus on expanding its business through organic growth and M&A."

Mr. Zhou Jun, Executive Chairman of SIIC Environment

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About SIIC Environment Holdings Ltd.

Listed on the SGX-ST Catalist in 2005 and subsequently transferred to the SGX-ST Mainboard in 2012, SIIC Environment Holdings Ltd., a top-tier integrated player in the China's environmental investment industry, is committed to enlarging its market share in the water and environmental protection sector. In 2010, Shanghai Industrial Holdings Limited ("SIHL") invested, restructured and gained control of the Group.

SIIC Environment is an active investor and operator of environmental related assets and has been operating in China's environmental protection sector for more than a decade. Currently, the Group boasts an overall portfolio of about 80 water treatment and supply projects and 3 waste incineration projects across 15 municipality 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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