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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 Arrangements up 9% to RMB1.69 billion; Gross Profit Margin Up 3.0 p.p. to 34.7% in 1HFY2020**

- *Operating and maintenance income and financial income from service concession arrangements amounted to RMB1.69 billion in 1HY2020, a 9.0% increase year-on-year (YOY)*
- *Gross profit margin increased by 3.0 p.p. to 34.7% in 1HY2020 mainly due to the higher contribution from operating gross profit*
- *The increase of operating and maintenance income was due to a 6% increase in wastewater treatment volume and a 9% increase in average treatment tariff*

#### **Financial Highlights**

<b>RMB (Thousand)</b>	<b>1HFY2020</b>	<b>1HFY2019</b>	<b>Change (%)</b>
<b>Revenue</b>	2,639,636	2,921,779	(9.7)
<b>Gross Profit</b>	915,827	927,384	(1.2)
<b>Net Profit</b>	391,305	373,554	4.8
<b>Net Profit Attributable to Shareholders</b>	281,239	300,183	(6.3)
<b>Diluted Earnings Per Ordinary Share (RMB cents)</b>	10.81	11.52	(6.2)

SINGAPORE & HONG KONG, 7 August 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 RMB281.2 million for the six months ended 30 June 2020 (“**1HY2020**”).

The Group’s operating and maintenance revenue and financial revenue from service concession arrangements in 1HFY2020 surged by 9.0% YOY. Both wastewater treatment volume and average treatment tariff increased. The construction revenue decreased by 30.6% YOY due to the Covid-19 outbreak, resulting in a 9.7% drop in revenue to RMB2.640 billion. Benefiting from the increase in operating income, the Group’s gross profit margin improved significantly from 31.7% in 1HFY2019 to 34.7% in 1HFY2020, up 3.0 percentage points (p.p.) YOY.

In order to optimize the financial structure, the Group has been conducting financing replacement in 1HFY2020. The Group repaid high-interest loans and secured low-interest loans, so as to further reduce financial costs and financial risks. As of 30 June 2020, the Group’s cash and cash equivalents stood at a healthy level of RMB1.801 billion, with a stable debt-to-asset ratio.

With the effective control of Covid-19 in the People’s Republic of China (“**PRC**”), enterprises have resumed their operations and production. During the second quarter of 2020, the operating business of the Group has fully resumed and has improved compared with same period last year. The construction business has also been recovering and is expected to accelerate activity in the second half of 2020 in order to catch up with the original schedule.

In terms of new projects, during second quarter of 2020, the Group was awarded the Wuxi Huishan Economic Development Zone Wastewater Treatment Project, with a total design capacity of 100,000 tonnes per day. It is one of the core projects which has greatly boosted the Group’s strategic deployment along the Yangtze River Delta region. Four expansion and upgrading projects with a total design capacity of 250,000 tonnes per day were also awarded; and one wastewater treatment project with a total design capacity of 30,000 tonnes per day has commenced commercial operation. The Group’s wastewater treatment volume increased by 6% in 1HFY2020 YOY to 1.237 billion tonnes. The average wastewater treatment tariff increased to RMB1.10 per tonne from RMB1.01 per tonne, up 9% YOY.

## **Outlook**

With the sound strategic layout and healthy business structure, the Group fully resumed its business operations in the second quarter of 2020 and achieved growth compared to same period last year. In the future, the Group will continue to expand and strengthen the municipal water utilities and comprehensive water environment management businesses, while striving for more wastewater treatment upgrade projects. To implement the environmental protection policy promoted by the government, the Group will actively seize the market opportunities in

the solid waste incineration business. The Group will also continue to expand the water utilities and solid waste incineration businesses, aiming to undertake more high-standard modern environmental protection projects, and look for opportunities in other environmentally protection-related markets.

Recently, the “Yangtze River Protection Plan” and the Ministry of Ecology and Environment, the National Development and Reform Commission, the Chinese Academy of Sciences of the PRC reviewed and approved the “Plan for the Joint Protection of the Ecological Environment in the Yangtze River Delta”, coordinately promote the water pollution control of Yangtze River, water ecological restoration, joint protection and high-quality development of the ecological in the Yangtze River Delta as the current and future priority which to build an integrated regional ecology protection, governance system and capability of modern governance. As the implementation of PRC “13<sup>th</sup> Five-Year Plan” comes to the end, the planning of the “14<sup>th</sup> Five-Year” is in progress, it is the fourteenth five-year planning period for economic and social development of PRC, it is also a critical period for achieving victory in the battle against pollution and continuing to promote the construction of PRC. During the “14<sup>th</sup> Five-Year” period, in order to promote marketization and industrialization of environmental construction, the government of PRC at all level will adhere to the concept of green development and continue to increase the intensity of investment in the environmental projects. The industry will usher in better and greater opportunities development. With the support of the controlling shareholder, Shanghai Industrial Holding Limited, the Group is actively seeking development opportunities in the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area, leveraging own advantageous. For the long-term benefits to its development, the Group is optimizing development strategies, continuously expanding the geography of its business, increasing operational scale and efficiency. This which bring a long term and greater development to the Group and value for shareholders.

**Mr. Xu Xiaobing, CEO**, said, “Despite the global spread of Covid-19, the Group's highly risk-resistant business model has enabled us to fully recover the operation business in the second quarter, with higher operating income and higher gross profit margin compared with 1H2019. It is expected that after the pandemic, municipal environmental protection construction projects will quickly resume, industry demand will continue to increase, and the government will accelerate the implementation of environmental protection projects. The Group will fully seize the development opportunities and improve our management efficiency, develop scale and improve the economic benefits. Therefore, we remain optimistic on the prospects and opportunities of the Group and the industry.”

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## **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 waste water treatment, water supply, sludge treatment, solid waste incineration and other environmentally related businesses. Headquartered in Singapore and listed on the Mainboard of SGX-ST, the Company successfully launched on the Mainboard of HKEX in 2018. The controlling shareholder, SIIC Environment, Shanghai Industrial Holdings Limited (“SIHL”, HKEX stock code: 363.HK), was established in 1996, with infrastructure, real estate and consumer products as the core business. 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, which was reorganized and established in 2010 with the approval of the state council. SIIC Environment has shown tremendous growth and continued to increase its market share in China’s environmental 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 about 200 water treatment and supply projects, eight waste incineration projects and 10 sludge disposal 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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