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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)**

### **SIIC Environment’s Revenue Increased by 22.3% to RMB5,072 Million and Net Profit Attributable to Shareholders Rose 15.5% to RMB514 Million in 9MFY2021**

- *Revenue for 9MFY2021 increased by 22.3% to RMB5,072 million*
- *Construction revenue amounted to RMB1,636 million, seeing a year-on-year (YOY) increase of 27.9%. The growth was mainly attributable to a larger amount of construction activities in progress, compared with the same period of last year, which was under the impact of pandemic*
- *The aggregate operating and maintenance income and financial income from service concession arrangements amounted to RMB3,165 million, with a YOY increase of 19.6%, mainly due to the increase in wastewater treatment volume during the Reporting Period*
- *Net profit attributable to shareholders rose to RMB514 million, with a YOY increase of 15.5%*

## Financial Highlights

<b>RMB'000</b>	<b>9MFY2021</b>	<b>9MFY2020</b>	<b>Change (%)</b>
<b>Revenue</b>	5,071,623	4,146,171	22.3
<b>Gross Profit</b>	1,773,772	1,475,837	20.2
<b>Profit for the Period</b>	798,035	622,585	28.2
<b>Net Profit Attributable to Shareholders</b>	513,802	444,730	15.5
<b>Earnings per Share (RMB cents)</b>	19.89	17.09	16.4

**(Singapore and Hong Kong, 8 November 2021) – SIIC Environment Holdings Ltd.** (“**SIIC Environment**” or the “**Company**”, together with its subsidiaries, the “**Group**”), a leading water treatment and environmental protection company, in the People’s Republic of China (the “**China**”), announced its performance for the nine months ended 30 September 2021 (“**9MFY2021**” or the “**Reporting Period**”) today.

During 9MFY2021, the Group’s total revenue amounted to RMB5,072 million, up 22.3% as compared with the period in 9MFY2020, mainly due to the growth of operating and maintenance revenue from service concession arrangements and construction revenue growth driven by accelerated progress of construction projects. The Group’s gross profit saw a YOY growth of 20.2% and rose to RMB1,774 million, mainly attributable to the higher wastewater treatment volume under service concession arrangements. Net profit attributable to shareholders amounted to RMB514 million, representing a YOY growth of 15.5%.

During the Reporting Period, the Group’s construction revenue amounted to RMB1,636 million, with a YOY increase of 27.9%. The higher revenue was mainly due to a larger amount of construction activities in progress during 9MFY2021 as compared with the same period last year, which was under the impact of pandemic. The aggregate of operating and maintenance income and financial income from service concession arrangements amounted to RMB3,165 million, representing a YOY increase of 19.6%, mainly due to the increase in wastewater treatment volume during the Reporting Period.

During 9MFY2021, finance expenses amounted to RMB509 million, with a YOY decrease owing mostly to the Group's effort to optimize its loan structure. The Group replaced short-term borrowings, which bears higher interest, with a Panda bond issued in March of this year, so as to reduce interest expenses. The Group's financial status remained healthy, as the debt-to-asset ratio continuously decreased to 62.25%. As on 30 September 2021, the Group's cash and cash equivalents were maintained at a healthy level of RMB2.61 billion.

As China strengthens its policy support for environmental protection industry, governments at all levels have actively begun construction and bidding for new municipal environmental protection projects. The Group made good progress in obtaining new projects in the third quarter. It secured eight new wastewater treatment projects with a total designed capacity of 11,400 tonnes per day and signed upgrading or O&M extension agreements for four wastewater treatment projects with a total designed capacity of 170,000 tonnes per day. Moreover, three wastewater treatment projects, with a total designed capacity of 10,300 tonnes per day commenced commercial operation in the third quarter.

During the Reporting Period, the Group's wastewater treatment volume, which amounted 1.817 billion tonnes, saw a YOY increase of 0.6%, and its water supply volume, which amounted 228 million tonnes, saw a YOY increase of 11.0%. The average wastewater treatment tariff in the third quarter rose from RMB1.51 per tonne in the same period last year to RMB1.66 per tonne, seeing a YOY increase of 9.9%. The average water supply price also slightly increased from RMB2.50 per tonne in the same period last year to RMB2.52 per tonne.

## **Outlook**

To achieve the goals of carbon peaking, carbon neutrality targets and countering pollution, China is actively promoting energy conservation, waste reduction as well as conservation and recycling of resources across the country by launching a series of policy initiatives. The National Development and Reform Commission and the Ministry of Housing and Urban-Rural Development have revised the "Measures for Administration of Prices of Water Supply in Urban and Rural Areas" (《城鎮供水價格管理辦法》) and the "Measures for Supervision and Examination of Pricing Costs of Water Supply in Urban and Rural Areas" (《城鎮供水定價成本監審辦法》). For the first time, the former defines "permitted costs plus reasonable profit" as the setting method of water supply prices in urban and rural areas of China and clarifies that, the average water supply prices of water supply companies should be closely

tie to market interest rates. It also establishes a framework for regular evaluation and a compensation mechanism for water supply pricing. If the price adjustment is insufficient to allow a water supply company to achieve permitted revenue, compensation should be offered by the local government. The implementation of these measures provides an opportunity to reassess the value of waterworks assets. Also, the water supply pricing system in urban and rural areas of China is expected to become more standardized and the water prices are projected to rise further, driving revenue growth of the Group's water supply projects and providing additional protection for its water supply profits.

In addition, China has launched a national carbon emission exchange and a national green power trading pilot scheme in July and September, respectively. The newly released "Work Plan for Further Promoting the Construction of 'Zero-Waste Cities' during the 14th Five-Year Period (Draft for Comments)" (《「十四五」時期深入推進「無廢城市」建設工作方案（徵求意見稿）》) and the "Indicator System for the Construction of 'Zero-Waste Cities' (2021 Edition) (Draft for Comments)" (《「無廢城市」建設指標體系（2021年版）（徵求意見稿）》) will promote the construction of approximately 100 "Zero-Waste Cities" at the prefecture level and above, aiming to steadily reduce the intensity of municipal solid waste generation and significantly improve the solid waste treatment system and treatment capacity by 2025. If waste incineration power generation is included in the green power trading scheme, together with the fast-growing demand for waste incineration power generation from the "Zero-Waste Cities", the Group is expected to gain more earnings and room for development in the business of solid waste incineration power generation.

To further implement the rights and responsibilities of environmental protection and to mobilize different parties to actively participate in environmental protection, the Chinese government issued the "Guidelines on Deepening Reform of Ecological Protection Compensation Mechanism" (《關於深化生態保護補償制度改革的意見》) on 12 September 2021. It will gradually commence the marketization and trading of natural resources and environmental rights, expand financing channels in the market, research and develop natural resource and environmental-based financing tools, establish a green stock index, develop carbon futures trading, encourage banks and financial institutions to provide green credit facility services that align with the characteristics of green project financing, and encourage qualified non-financial enterprises and institutions to issue green bonds. It is expected that the financing channels and profitability of water treatment and waste incineration-related companies will be further enhanced after the marketization and trading

of natural resources and environmental rights commences.

**Mr Yang Jianwei, Chief Executive Officer, said,** “To seize the market expansion opportunities presented by national energy-saving and emission-reduction policies, the Group will continue to develop its water treatment business, improve its environmental protection technologies, and raise projects’ benefits, so as to broaden its income sources. The Group will also continue to expand its solid waste treatment and disposal business, actively explore new cooperation models, strengthen technological research and development to improve the efficiency of solid waste power generation, and closely track the development of green power trading, so as to seize future growth opportunities. In addition, the Group will pay close attention to the development opportunities related to marketization and trading of natural resources and environmental rights, explore innovative financing channels, promote the integration of finance and industry, and expand the scale of business, so as to facilitate the high-quality and sustainable development of its business”.

- The End -

#### **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 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 more than 200 water treatment and supply projects, 8 waste incineration

projects and 11 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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By Order of the Board  
**SIIC ENVIRONMENT HOLDINGS LTD.**  
**Mr. Yang Jianwei**  
Executive Director

Hong Kong and Singapore, 8 November 2021

*As at the date of this announcement, the non-executive Chairman is Mr. Zhou Jun; the executive Directors are Mr. Yang Jianwei, Mr. Zhu Dazhi, Mr. Xu Xiaobing, 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*