

SIIC Environment's Full Year Revenue Up 14.5% to RMB5.3 billion

- Operating income and financial income from service concession arrangements in FY2018 increased by 19.9% comparing to FY2017
- Group managed business risks and the pace of construction, contributed towards higher operating income during the course of FY2018
- Group maintained a healthy cash flow in FY2018 with cash and cash equivalents of RMB2.1 billion as at 31 December 2018, an increase of RMB731 million as compared to RMB1.4 billion as at 31 December 2017
- Group's cash from operation activities before service concession arrangement projects increased by RMB1.6 billion to RMB2.2 billion as at 31 December 2018
- 24 new wins across concessionary water projects, O&M projects as well as expansion and upgrading of wastewater treatment plants, adding up to a design capacity of 1.04 million tons/day

Financial Highlights

RMB thousand	4QFY2018	4QFY2017	Change (%)	FY2018	FY2017	Change (%)
Revenue	1,388,482	1,285,658	8.0	5,313,344	4,639,274	14.5
Gross Profit	404,413	330,701	22.3	1,584,599	1,386,337	14.3
Net Profit	211,225	227,521	(7.2)	684,253	684,155	-
Net Profit Attributable to Shareholders	170,383	185,413	(8.1)	540,237	535,653	0.9
Cash and cash equivalents	-	-	-	2,133,225	1,402,104	52.1

SINGAPORE & HONG KONG, 25 February 2019 – SGX Mainboard-listed and HKEX 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"), today posted a 14.5% increase in its full year revenue to RMB5.3 billion for the 12 months ended 31 December 2018 ("FY2018"). The growth in revenue can be attributed to newly acquired entities during the year as well as contribution from existing entities, in particular, increased operating and maintenance income and financial income from service concession arrangements and higher service income.

Gross profit increased by RMB198.3 million or 14.3% from RMB1,386.3 million in FY2017 to RMB1,584.6 million in FY2018. The increase was mainly due to higher revenue from the operation category achieved by the Group. Net profit attributable to shareholders grew 0.9% to RMB540.2 million in FY2018. The increase was partially offset by listing expenses of approximately RMB30 million incurred during the year and finance expenses increase of

RMB74.3 million in FY2018. Net asset value per share edged up to RMB300.96 cents as at 31 December 2018, from RMB288.23 cents from a year ago.

Pending shareholder approval at the upcoming Annual General Meeting, SIIC Environment announced a final cash dividend of S\$0.01 per share for the full year.

Outlook

Water quality remains a key focus area in the PRC's environmental sector, in turn supporting demand for wastewater treatment technology and management. Under the 13th Five-Year Plan, investments in the construction of urban wastewater treatment and recycling facilities are expected to reach RMB565.4 billion – rising national demand that the Group is well-poised to tap into.

During the year, the Group had 24 new wins across green field concessionary water projects, O&M projects as well as expansion and upgrading of wastewater treatment plants in Guangxi, Zhejiang, Henan, Hunan, Heilongjiang, Changchun, Jilin, Shandong and Jiangxi Provinces, adding up to a design capacity of 1.04 million tons/day. Concurrently, SIIC Environment remains focused on upgrading existing wastewater treatment projects to meet with the higher sewage discharge standards required today.

Mr. Xu Xiaobing, Chief Executive Officer, said, "We are pleased to finish the year strongly given the many changes underway in the PRC government policy towards protecting the environment across the water and waste management industries. **Our prudence during the course of the year, whereby we managed business risk and the pace of construction, contributed towards higher operating income. In FY2018, finance expenses had increased by 14.5%, for which we intend to further control finance expenses and interest rate levels that we subscribe to in FY2019.** I should add that it is to the credit of the staff and management of SIIC Environment that we continue to win new mandates in water and waste management sectors, and be entrusted to upgrade existing water and sewage facilities by local municipal and provincial governments."

The State Council of China has also announced new environmental initiatives that include plans for waste reduction and the development of "waste-less cities". China will also accelerate the establishment of a pricing mechanism that can cover the cost of sewage, sludge and solid waste treatment that are expected to bring revenue to such businesses, which the Group is expected to be a beneficiary of.

“We will continue to leverage current competencies and build up scalability across the business, towards strengthening our leading position in China’s water and environmental industry,” added Mr. Xu.

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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 wastewater treatment, water supply, solid waste management and other environment-related businesses. It was previously known as Asia Water Technology Ltd (‘Asia Water’), which was listed on the SGX-ST Catalist in 2005. In 2010, Shanghai Industrial Holdings Ltd. (“SIHL”, stock code: 363.HK) acquired a controlling stake and completed the debt restructure in Asia Water. It was then renamed SIIC Environment and transferred to the SGX-ST Mainboard in 2012. Since the restructuring, SIIC Environment has shown tremendous growth and continues to increase its market share in China’s water and environmental sector.

SIIC Environment is an active investor and operator of environment-related assets and has been operating in China’s water sector for over a decade. Currently, it boasts an overall portfolio of about 200 water treatment and supply projects and 6 waste incineration 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 on its scalability and competencies, SIIC Environment will continue to expand its business and explore new markets such as industrial wastewater treatment, seawater desalination, sludge treatment and handling, soil treatment, renewable energy, water technology and pollution control, thereby strengthening its top-tier position in China’s water and environmental industry.

For more information, please visit us at www.siicenv.com

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