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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 8.5% to RMB954 Million; Net Profit Attributable to Shareholders Grows 9.0% to RMB163 Million in 3QFY2020

- *Operating and maintenance income and financial income from service concession arrangements grew by 8.5% to RMB954 million in 3QFY2020*
- *Gross profit margin increased by 4.6 percentage points to 37.2% in 3QFY2020, mainly due to contribution from operating gross profit*
- *The increase in operating and maintenance income from service concession arrangements in 3QFY2020 was driven by 6% growth in wastewater treatment volume and 27.3% hike in wastewater treatment tariff*
- *Net profit attributable to shareholders increased by 9% year-on-year to RMB163 million, a new record high in quarterly results*

Financial Highlights

RMB Thousand	3QFY2020	3QFY2019	Change (%)
Revenue	1,506,535	1,571,242	(4.1)
Gross Profit	560,010	512,342	9.3
Net Profit	231,280	191,457	20.8
Net Profit Attributable to Shareholders	163,491	150,011	9.0
Diluted Earnings Per Share (RMB cents)	6.28	5.76	9.03

SINGAPORE and HONG KONG, 6 November 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 in China, has today announced its results for the three months ended 30 September 2020 (“**3QFY2020**”). The Group’s net profit attributable to shareholders increased by 9.0% to RMB163 million, setting a new record high in quarterly results.

In 3QFY2020, the Group's operating and maintenance income and financial income from service concession arrangements surged by 8.5% to RMB954 million as a result of the increase in both wastewater treatment volume and treatment tariff. Dragged by the COVID-19 pandemic and floods in China, construction revenue decreased by 25.7% year-over-year (YOY) due to delay in construction project schedule. Overall revenue dropped by 4.1% YOY to RMB1.507 billion, but the magnitude of decline was gradually narrowing. Benefiting from the increase in operating gross profit, the Group's gross profit margin rose significantly from 32.6% in 3QFY2019 to 37.2% in 3QFY2020, an increase of 4.6 percentage points YOY.

As of 30 September 2020, the Group's cash and cash equivalents steadily climbed back to RMB2.318 billion, the level recorded at the end of last year. Thanks to the Group’s relentless efforts, finance expenses reduced notably from RMB182 million in the same period last year to RMB171 million, representing a YOY decline of 5.7%. The Group’s financial position remained healthy. Its debt-to-asset ratio dropped continuously to 62.8%, the lowest level in recent years.

As the pandemic situation came under control in China, governments at all levels were gradually resuming the construction and tendering activities of new municipal environmental protection projects, while the Group had been pushing ahead with the development of its projects in the third quarter and achieved smooth progress.

In terms of new projects, the Group was awarded four wastewater treatment expansion and operation and maintenance (O&M) projects with a total design capacity of 100,000 tonnes per day; while seven wastewater treatment projects with a total design capacity of 880,000 tonnes per day were awarded upgrade and expansion and extended O&M service period. In 3QFY2020, four wastewater treatment projects with a total design capacity of 95,000 tonnes per day and two upgrade and expansion projects with a total design capacity of 120,000 tonnes per day have commenced commercial operation. The Group's wastewater treatment volume in the third quarter increased by 6% YOY to 626 million tonnes and the volume of O&M projects also increased by 25% to 39.3 million tonnes.

Outlook

2020 is the final year of China's 13th Five-Year Plan and also the foundation year of building a successful launch for the 14th Five-Year Plan. Although all industries have been affected by the COVID-19 pandemic and experienced business contraction and slowdown to various extents, Chinese Government remains determined to support the environmental protection industry and gain victory in the battle of pollution prevention. The Fifth Plenary Session of the 19th Central Committee that successfully concluded on October 29 proposed that should accelerate the promotion of green and low-carbon development, continue to improve environmental quality, improve the quality and stability of the ecosystem, and comprehensively improve resource utilization efficiency during the "14th Five-Year Plan" period. During the "14th Five-Year Plan" period, the Group is expected to enter a new round of rapid development cycle and will further increase its market share. On 9 July, 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" and made water pollution control of Yangtze River, water ecological restoration, joint protection and high-quality development of the ecological environment in the Yangtze River Delta as the current and future primary tasks, all in a bid to achieve integrated regional ecology protection, establishing the ecological environment governance system and capability of modern governance. On 15 July, China officially unveiled the National Green Development Fund ("**Green Fund**") valued at RMB88.5 billion. The fund will

focus on investing in various areas including environmental protection, pollution treatment and ecological restoration, promotion of green technology development and green transformation of real economy, and also enhancement of environmental, economic and social benefits. The Group expects to benefit from these initiatives, which will help broaden its room for revenue growth.

With the promotion of waste classification policy in different regions in China and introduction of the new “Solid Waste Law”, solid waste industry chain will be able to maintain its strong momentum and presented with immense opportunities. Development of the Group’s solid waste treatment business and its strategic cooperation with Baowu Environment and Canvest Environmental Protection have been progressing smoothly as scheduled. Looking ahead, the Group will continue to step up its market expansion effort, seize the development opportunities in the solid waste incineration market, adhere to the principles of reduction, recycling and harmlessness of solid waste and expand the scope of solid waste management, which will help it achieve long-term development and efficiency.

The Group will continue to respond to the country’s environmental protection policies, secure more expansion and upgrading projects and expand the scale of its water utilities and solid waste treatment businesses. It will also actively control costs, improve operational efficiency and look for opportunities in other environmental protection-related markets.

Mr. Xu Xiaobing, CEO, said, “As the COVID-19 pandemic has been brought under control in China, enterprises have already resumed their production. During the pandemic, driven by sound strategic layout and healthy business structure, our revenue from operations recorded growth when compared with the same period last year. Our construction projects have gradually resumed and growth of our profit attributable to owners of the parent has also resumed, a testament to the Group’s strong competitiveness in the market. Facing the favorable national policies for environmental protection industry, we are still positive towards the investment upside and efficiency improvement of the environmental protection market, while remaining steadfast and optimistic about 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

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By Order of the Board

SIIC Environment Holdings Ltd.

Mr. Xu Xiaobing

Executive Director

Hong Kong and Singapore, 6 November 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. Yang Jianwei, 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*