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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 Reports 25% YOY Growth in Revenue to RMB3,300 million; Net Profit Attributable to Shareholders Up 18.3% YOY to RMB332 million in 1HFY2021

- *Revenue amounted to RMB3,300 million in 1HFY2021, an increase of 25% year-on-year (YOY)*
- *Net profit attributable to shareholders amounted to RMB332 million in 1HFY2021, an increase of 18.3% YOY*
- *Construction revenue surged 31.8% YOY to RMB1,074 million, mainly due to the increase of construction activities in 1HFY2021*
- *Operating and maintenance income and financial income from service concession arrangements amounted to RMB2,072 million in 1HFY2021, a 22.4% increase YOY as wastewater treatment volume and average treatment tariff increased*

Financial Highlights

| RMB (Thousand) | 1HFY2021 | 1HFY2020 | Change (%) |
|---|-----------|-----------|------------|
| Revenue | 3,300,010 | 2,639,636 | 25.0 |
| Gross Profit | 1,157,812 | 915,827 | 26.4 |
| Net Profit | 528,980 | 391,305 | 35.2 |
| Net Profit Attributable to Shareholders | 332,741 | 281,239 | 18.3 |
| Diluted Earnings Per Ordinary Share (RMB cents) | 12.86 | 10.81 | 19.0 |

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, made net profit attributable to shareholders of RMB332 million for the six months ended 30 June 2021 (“**1HY2020**”). The Group’s Board of Directors also declared an interim dividend of SGD0.005 per ordinary share.

The Group earned RMB1,074 million in construction revenue in 1HFY2021, an increase of 31.8% YOY, attributable mainly to the increase in construction activities against 1HY2020. At the outbreak of COVID-19 in 1HY2020, construction projects were delayed, but growth resumed in 1HY2021. Benefiting from the increase in wastewater treatment volume and treatment tariff, there was a 22.4% increase YOY of operating and maintenance income and financial income to RMB2,072 million from service concession arrangements. Gross profit margin increased 0.4 percentage point to 35.1%.

As at 30 June 2021, the Group’s cash and cash equivalents was RMB2,618 million. In 1HY2021, the Group’s net cash outflow from operating activities was RMB103 million. Excluding change in receivables under service concession arrangements, net cash inflow from operating activities in 1HY2021 was RMB677 million. The Group completed the issuance of first batch of corporate bonds on 15 March 2021. The aggregate size of issuance was RMB1,500 million with interest rate at 3.89%. Thus, the Group was able to secure

financing at lower costs and repay all outstanding loans. Maintaining a healthy financial position, the Group's debt-to-asset ratio continued to reduce to a low of 62.6%.

The Group secured five wastewater treatment and reclaimed water treatment projects in the second quarter of 2021, with a total designed capacity of 95,800 tonnes per day. Four wastewater treatment projects with a total designed capacity of 215,000 tonnes per day were awarded upgrade, expansion and extended operation-and-management (O&M) service period. In addition, nine wastewater treatment projects with a total designed capacity of 205,000 tonnes per day have completed upgrade and expansion and commenced commercial operation.

In 1HFY2021, the volume of wastewater treated by the Group grew 1.2% YOY to 1189 million tonnes; while the volume of water supply up by 12.3% YOY to 146 million tonnes. In terms of treatment tariff, the Group's average wastewater treatment tariff increased by 21.4% YOY from RMB1.39 per tonne to RMB1.69 per tonne and average water supply fees also increased slightly, from RMB2.48 per tonne to RMB2.53 per tonne.

Outlook

"The Development Plan for Urban Waste Water Treatment and Resource Utilization in the 14th Five-Year Plan" and "The 14th Five-Year Plan for the Development of Urban Domestic Waste Classification and Treatment Facilities" issued by the National Development and Reform Commission and the Ministry of Housing and Urban-Rural Development state that, by 2025, cities nationwide should have the capacity to collect more than 70% of the wastewater, and with 20 million cubic meters per day of wastewater treatment capacity added, the total production capacity of reclaimed water of newly-built, redeveloped and expanded facilities be no less than 15 million cubic meters per day, and the total capacity of new harmless sludge treatment facilities be no less than 20,000 tonnes per day. Enterprises are also encouraged to broaden financing channels using various means such as green bonds and asset securitization so as to provide capital and credit support to relevant projects. By end of 2025, the utilization rate of urban domestic waste in China should reach about 60% and the treatment capacity of domestic solid waste incineration should increase to 800,000 tonnes per day. Those targets will translate into greater room for development for the Group's water treatment and solid waste incineration businesses.

Furthermore, the Yangtze River Delta Region Ecological Environmental Protection Collaboration Group convened its first meeting on 27 May and signed the memorandum of the joint meeting of Yangtze River Delta Regional Environmental Protection Industry Association (“**Association**”), marking the new stage of cooperation within the Yangtze River Delta region's ecological environment industry. As a key initiator of the joint meeting of the Association, the Group will leverage its strength as the leading role in the regional environmental protection industry and jointly build an exchange and cooperation platform for the association and contribute to the construction of a green and beautiful Yangtze River Delta.

Recently, the China’s nationwide carbon emissions trading market was officially launched. It is a major system innovation aimed at promoting green and low-carbon development, as well as an important policy and tool for capping carbon emissions and achieving carbon neutrality. Carbon trading will promote the development of carbon assets, enhance the revenue of solid waste incineration power generation companies, and promote the technological advancement and green development of the environmental protection industry.

Mr. Yang Jianwei, CEO, said, "With national policies giving it drive, the Group will seize the opportunities presented by the ‘14th Five-Year Plan’ to optimize its strategic deployment in the Yangtze River Delta region and the Guangdong-Hong Kong-Macao Bay Area. Armed with a unique strategic positioning and business model, it will continue to strengthen development of its waste water treatment and solid waste incineration businesses and enhance the efficiency of its projects. The Group will look closely for development opportunities the national carbon emissions trading market brings, explore innovative financing channels and speed up deployment in the environmental protection technology realm, push to integrate financing and production, and boost the Company's sustainable and quality development, with the ultimate aim of creating greater value for shareholders."

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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, 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.

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By Order of the Board

SIIC ENVIRONMENT HOLDINGS LTD.

Mr. Yang Jianwei

Executive Director

Hong Kong and Singapore, 6 August 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*