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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 a 4.9% Rise to RMB6.25 billion in Revenue, Net Profit Attributable to Shareholders Up 5.8% YOY to RMB635.3 Million in FY2020

- *The Group's revenue amounted to RMB6.25 billion, an increase of 4.9% year-on-year (YOY)*
- *The Group's net profit attributable to shareholders amounted to RMB635.3 million, an increase of 5.8% YOY*
- *Operating and maintenance income and financial income from service concession arrangements amounted to RMB3.77 billion in FY2020, a 12.7% increase YOY*
- *Gross profit margin increased by 2.5% to 34.9% in FY2020 mainly due to the higher contribution from operating gross profit*
- *The increase of operating and maintenance income was due to a 5.3% increase in wastewater treatment volume and a 5.8% increase in the volume of O&M projects*
- *In terms of projects, 16 new wins of wastewater treatment projects, with a total design capacity of 401,300 tonnes per day; 24 new wins of expansion and upgrading projects, with a total design capacity of 1,547,500 tonnes per day*
- *18 wastewater treatment projects, expansion and upgrading projects and under construction projects have completed and have commenced commercial operation, with a total design capacity of 720,000 tonnes per day*
- *As of FY2020, the Group hold more than 200 wastewater treatment and water supply projects with total design capacity more than 12.89 million tonnes per day*

Financial Highlights

RMB (Million)	2020 FY	2019 FY	Change (%)	4QFY 2020	4QFY 2019	Change (%)
Revenue	6,252	5,960	4.9	2,106	1,467	43.6
Gross Profit	2,184	1,933	13.0	709	494	43.5
Net Profit	918	754	21.7	295	189	55.9
Net Profit Attributable to Shareholders	635	600	5.8	191	150	27.0
Diluted Earnings Per Ordinary Share (RMB cents)	24.41	23.04	5.9	7.32	5.77	26.9

SINGAPORE and HONG KONG, 26 February 2021 – **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 audited results for the twelve months ended 31 December 2020 (“FY2020”). The Group’s net profit attributable to shareholders rose by 5.8% to RMB635.3 million.

In FY2020, the Group’s operating and maintenance income and financial income from service concession arrangements surged by 12.7% to RMB3.77 billion 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 3.7% YOY to RMB2.09 billion due to delays in construction project schedule, but the level spiked by 118% in the fourth quarter of 2020 (“Q42020”) compared with same period last year. Benefiting from the increase in operating gross profit, the Group’s gross profit margin rose significantly from 32.4% in FY2019 to 34.9% in FY2020, an increase of 2.5% YOY. The company has recorded the best quarterly results in Q42020.

As at 31 December 2020, the Group’s cash and cash equivalents stood at a stable level of RMB2,668.5 million, marking a substantial improvement compared with the level at the end of 2019. Due to the company’s dedicated and determined efforts, the current financial status stands at a healthy and stable level, with the debt-to-asset ratio reduced continuously to 62.5%, the lowest level in recent years.

The board has recommended a final dividend of SGD \$0.01 per ordinary share, and will seek approval from the company’s shareholders during the annual general meeting.

Business Review

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 2020 and achieved smooth progress. In terms of projects, the Group added 16 new wastewater treatment projects during the year, with a total design capacity of 401,300 tonnes per day. It was also awarded 24 upgrade and expansion projects with a total design capacity of 1,547,500 tonnes per day. 6 wastewater treatment projects with a total design capacity of 190,000 tonnes per day have commenced commercial operation, and 12 upgrade and expansion projects and projects under construction, with a total design capacity of 530,000 tonnes per day were completed and commenced commercial operation. As of FY2020, the Group hold more than 200 wastewater treatment and water supply projects with total design capacity more than 12.89 million tonnes per day. In terms of solid waste projects, the Group secured one expansion project and one relocation project, with a total design capacity of 2,000 tonnes per day. In FY2020, wastewater treatment volume increased by 5.3% YOY to about 2.4 billion tonnes, water tariff up by 19.4%. The volume of O&M projects rose by 5.8% to about 141 million tonnes.

The Company is devoted to constructing the Shanghai Baoshan Renewable Energy Utilization Center Project, with the aim of developing it into a world-class waste incineration benchmark project. This project has been supported by the State-owned Assets Supervision and Administration Commission of the Shanghai Municipal Government to serve as a solid waste benchmark project in the Yangtze River Delta region. In the future, the Company will strive to acquire the water project in the Yangtze River Delta Green Demonstration region and transform it into another key benchmark project. “One mountain project and one water project” in Shanghai will serve as key for the Group to venture into the region.

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.

Under the 14th Five-Year Plan, the government has clearly stated the guiding principles and general requirements for its goal of protecting ecological environment, including forming extensive green production and green lifestyle by 2035, and promoting source treatment, systematic treatment and general treatment of the ecological environment. In particular, protecting Yangtze River is related to the nation’s major strategy for the development of an administration region with Yangtze River Delta region as key national project. The government not only announced the “Yangtze River Protection Law of the People's Republic of China”, but it also formulated the “Implementation plan for the development of Yangtze River Economic Belt under the 14th Five-Year Plan”, which aims to promote the prevention and treatment of water pollution and enhance the wastewater collection and processing ability of the urban and rural areas, thus presenting huge development potential. The Company has established footholds in the Yangtze River Delta region in the early years. With support from its parent and its regional advantages, it has secured several strategic benchmark projects, including the Zhejiang Province wastewater treatment plant and artificial wetland O&M project, Wuxi Huishan project and the Zhejiang Pinghu project, reinforcing its strong strategic presence in the Yangtze River Delta region.

In addition, the government has continuously stepped up supervision over solid waste. The new Solid Waste Law, which took effect in the second half of 2020, is expected to bring more opportunities to professional environmental protection enterprises. The Company will grasp opportunities presented by national policy and it will strive to construct the solid waste benchmark project in the Yangtze River Delta region - Shanghai Baoshan Renewable Energy Utilization Center Project, which is expected to commence operation in 2022, with a total design capacity of up to 3,800 tonnes per day.

Mr. Yang Jianwei, CEO, said, “2020 has been a challenging year. The pandemic and flooding have adversely affected our construction projects. Yet thanks to the concerted efforts of all units of the Company, the operation of projects was fully restored and growth of the Company’s net profit resumed in the third quarter. Consequently, the Company achieved good results that will reward its shareholders. In the future, the Company will further strengthen its internal management, improve management and operation, promote an employee incentives policy and further improve its financial structure. With the management’s extensive experience, quality projects with strong potential and the favourable national policy, the Company will further optimize its strategy for the Yangtze River and Guangdong-Hong Kong-Macao Greater Bay Area to assure sufficient project resources that will ensure long-term returns. While delivering promising investment returns to shareholders, the Company will also fulfil its social responsibility in a bid to solidify its leading position in China’s water and environmental protection 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, 8 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. Yang Jianwei
Executive Director

Hong Kong and Singapore, 26 February 2021

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