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## SIIC ENVIRONMENT HOLDINGS LTD.

### 上海實業環境控股有限公司

（在新加坡共和國註冊成立的有限公司）

（香港股份代號：807）

（新加坡股份代號：BHK）

## SIIC Records Revenue of RMB1.628 Billion in 1QFY2024, with Net Profit Attributable to Shareholders of the Group Reaching RMB126 Million

- 1QFY2024 revenue decreased by 15.1% year-on-year (YOY) to RMB1.628 billion
- 1QFY2024 gross profit decreased by 9.6% YOY to RMB611 million
- Operating and maintenance income and financial income from service concession arrangements rose by 1.5% YOY to RMB1.222 billion in 1QFY2024. Increase was due to higher volume and average price in water treatment and water supply for the quarter
- 1QFY2024 finance expenses decreased by RMB23 million or 10.1% YOY
- 1QFY2024 net profit attributable to shareholders reached RMB126 million

### Financial Highlights

RMB'000	1QFY2024	1QFY2023	Change (%)
Revenue	1,628,110	1,918,732	-15.1%
Gross profit	611,188	675,953	-9.6%
Net Profit	204,977	241,999	-15.3%
Net Profit Attributable to Shareholders	126,295	150,031	-15.8%
Earnings Per Share (RMB cents)	4.90	5.82	-15.8%

**Singapore and Hong Kong, 13 May 2024 - SIIC Environment Holdings Ltd. (“SIIC Environment” or the “Company”, together with its subsidiaries, the “Group”)**, a leading water treatment and environmental protection company in China, today announced its results for the three months ended 31 March 2024 (“**1QFY2024**” or the “**Reporting Period**”). The Group’s total revenue decreased by 15.1% YOY to RMB1.628 billion, and net profit attributable to shareholders slid by 15.8% YOY to RMB126 million.

The decrease in revenue and net profit of the Group in the Reporting Period was attributable mainly to the construction revenue declining by 52.8% YOY to RMB290 million, as the construction of Shanghai Baoshan Renewable Energy Utilization Centre (“**Baoshan Project**”) was completed during FY2023 and most of the construction activities for new projects obtained in FY2024 have not been commenced during the quarter. The drop in construction revenue led to a RMB32 million decrease in net profit attributable to shareholders for the Reporting Period.

The Group’s operating and maintenance income and financial income from service concession arrangements for the Reporting Period rose by 1.5 % YOY to RMB1.222 billion, mainly from the higher volume and average price of water treatment and water supply during the quarter. Gross profit margin of the Group in 1QFY2024 increased by 2.3% YOY to 37.5%. The improvement was mainly due to the lower proportion of construction revenue in the current period for which the gross profit margin is relatively low; in addition, unit cost was lower due to higher volume of water treatment and water supply, plus higher average price in water treatment and water supply for the quarter further improved the gross profit margin.

As at the end of 2023, the Group’s overseas borrowings were mainly denominated in Hong Kong dollars and Singapore dollars with floating interest rates. Due to the changes in the international financial market environment caused by the rise in the US dollar interest rate, the Group's financing costs of overseas borrowings increased sharply. Actively responding to changes in the international financial market, the Group adopted various measures in the first quarter and was able to substantially optimize and adjust its financing structure in a short time. It also cooperated with financial institutions in China and Singapore to replace borrowings in Hong Kong dollars and Singapore dollars, which carried higher interest rate, with RMB borrowings carrying lower interest rate. As such, despite that its total interest-bearing liabilities increased YOY by RMB1.64 billion, or 8%, the Group’s finance expenses decreased by RMB23 million, or 10.1% YOY, in the Reporting Period.

As at 31 March 2024, the Group had cash and cash equivalents of RMB3.05 billion. In 1QFY2024, net cash of RMB76.30 million was used in the Group's operating activities, mainly attributed to relatively slower collection of account receivables due to the nationwide spring festival long holiday in mainland China. While expecting recovery of receivables to improve in the second quarter, the Group will continue to pay attention to relevant situations.

The Group has been active in promoting business development and new progress was made during the Reporting Period. Three wastewater treatment plant projects with a total designed capacity of 160,000 tonnes per day have completed construction and begun commercial operation in Zhejiang Province. The projects, namely the Pinghu City Eastern WWTP Project 3<sup>rd</sup> Phase first stage ("**Pinghu WWTP Project**"), the Pinghu City Eastern RWT Project 1<sup>st</sup> Phase ("**Pinghu RWT Project**"), and the Yuyao City (Xiaocao'e) Municipal WWTP Expansion Project 3<sup>rd</sup> Phase (Upgrade and Reconstruction) ("**Xiaocao'e Project**"), have designed capacity of 80,000 tonnes per day, 30,000 tonnes per day and 50,000 tonnes per day, respectively. In addition, the Group's subsidiary, Nanyang Zhonghui Sludge Treatment and Resource Utilization Co., Ltd has signed a supplemental agreement with the Housing and Urban-Rural Development Bureau of Nanyang City in relation to the Nanyang City WWTP Sludge Treatment and Disposal Project 2<sup>nd</sup> Phase ("**Nanyang Project 2<sup>nd</sup> Phase**") with a total designed capacity of 200 tonnes per day.

In 1QFY2024, the Group's wastewater treatment volume increased by 4.1% YOY to 628.75 million tonnes and the water supply volume increased by 5.8% YOY to 79.103 million tonnes. In terms of treatment tariffs, the average wastewater treatment tariff increased to RMB1.87 per tonne for the Period from RMB1.82 per tonne in the same period last year, up by 2.7% YOY, and the average water supply tariff rose to RMB2.51 per tonne from RMB2.47 per tonne in the same period last year, a YOY increase of 1.5%.

## **Prospects**

In the first quarter of 2024, the economy of the People's Republic of China ("**China**") showed positive signs of recovery, with a 5.3% year-on-year increase in GDP and confidence among key market players improving. Under the background of comprehensively promoting the development of a "Beautiful China", green and low-carbon related policies were announced in the first quarter of 2024. Moreover, the "Government Work Report" proposed to speed up development of new quality productive forces, and as green productive forces, new quality productive forces can drive transformation of economic development modes, optimization of economic structure and transfer of growth momentum, giving important support to high-quality development and Chinese-style

modernization. As a leader in the environmental protection industry in China, the Group sees those relevant policies bringing to it much room for growth and business development opportunities. In addition, with regard to the longest concession period, the revised “Measures for the Administration of Concession for Infrastructure and Public Utilities” (《基礎設施和公用事業特許經營管理辦法》), which was released in April, has opened up new development opportunities for the Group’s projects.

In terms of water policy, in March, the State Council of China promulgated the “Regulations on Water Conservation” (《節約用水條例》), the first water conservation administrative regulation in China, stating the need for local governments at or above county level to coordinate, plan and build infrastructure to turn wastewater into useful resources, thereby boost usage of treated wastewater. In addition, in the “Action Plan to Promote the Renewal of Equipment for Buildings and Municipal Infrastructure” (《推進建築和市政基礎設施設備更新工作實施方案》), the “Action Plan to Promote the Large-scale Renewal of Equipment and the Trading-in of Consumer Goods” (《推動大規模設備更新和消費品以舊換新行動方案》) and the “Action Plan to Promote Industrial Equipment Upgrades” (《推動工業領域設備更新實施方案》) introduced, renewal of water supply and wastewater treatment are stated among key pursuits. They also mentioned the need to hasten addressing inadequacies of urban household wastewater and waste treatment facilities and equipment and rectifying weak spots. For renewal of relevant equipment that meet requirements, appropriate support will be provided through capital channels, such as, central budget investment, and through relending policy tools, financial institutions will be guided to step up support for equipment renewal and technological transformation. Tax incentives will also be offered to digital and intelligent transformation efforts. Those policies have presented opportunities to the Group in upgrading and constructing equipment for wastewater treatment and its water supply business. The construction of the Qingpu Xicen Water Purification Plant (“**Xicen Project**”), a key project of the Group, has been in steady progress, with 90% of the enclosed structure completed during the quarter. When the plant starts in operation, it will be a guidepost for all similar wastewater treatment facilities in the country, while helping significantly improve the regional water environment. At the same time, the Group has continued to strengthen digitalization of its water supply operation, actively promoting iteration and update of intelligent water technology and improving project operational efficiency, to consolidate its core competitiveness.

Regarding green finance, in April, seven departments including the People’s Bank of China issued the “Guidelines to Strengthen the Financial Support for Green and Low-Carbon Development” (《關於進一步強化金融支持綠色低碳發展的指導意見》) to increase capital market support for green and low-carbon development. It expects a world-leading financial support system for green and low-

carbon development to be basically in place within the next five years and, by 2035, various coordinated green and low-carbon economic and financial policies to be effectively rolled out and the standard financial support system for green and low-carbon development and policy support system to become more mature. The Group has been devoted to vigorously strengthening ESG construction and continuously improving the structure of its ESG system for achieving sustainable and high-quality development. Those favorable green finance policies are conducive to the Group giving full play to the advantages of its sustainable operation and development, broadening financing channels and reducing financing costs, and in turn grabbing more opportunities to expand business.

**Mr. Zhu Dazhi, Chief Executive Officer of the Group**, said, “The Group will continue to follow the lead of national policies, put the concept of ‘clear waters and green mountains are as valuable as mountains of gold and silver’ into practice, actively participate in building a ‘Beautiful China’, plus contribute to Chinese-style modernization that supports the harmonious co-existence of man and nature. At the same time, the Group will seize the development opportunities brought by favorable policies, keep a close watch on high-quality project opportunities, grasp the opportune time to upgrade, rebuild and smart up existing projects, and explore the development potential of such key regions as the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta, so as to continuously optimize its business layout. The Group will also keep strengthening technological innovation, and push for the transformation of technological innovation achievements into applications. It endeavors to, through technological innovation, empower its development and consolidate its leadership 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 wastewater treatment, water supply, sludge treatment, solid waste incineration and other environmentally related businesses. Headquartered in Singapore and listed on the Main board of SGX-ST, the Company successfully launched on the Main board 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 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 nearly 250 wastewater treatment and water supply projects, 5 solid waste incineration projects and 13 sludge treatment projects across 20 provinces, municipalities, autonomous regions and special administrative region in China, namely Shandong, Guangdong, Hubei, Hunan, Jiangsu, Shanghai, Zhejiang, Jiangxi, Anhui, Fujian, Guangxi, Ningxia, Henan, Liaoning, Inner Mongolia, Shanxi, Sichuan, Jilin, Heilongjiang, and Macau.

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. Zhu Dazhi**

*Executive Director*

Hong Kong and Singapore, 13 May 2024

*As at the date of this announcement, the chairman of the Board of Directors and the executive Director is Mr. Zhou Yuding; the executive Directors are Mr. Zhu Dazhi, Mr. Xu Xiaobing, Mr. Jiang Kai and Mr. Yang Xing; and the independent non-executive Directors are Ms. Kimmis Pun Kim Ming, Mr. An Hongjun and Mr. Zhong Ming.*

*\* For identification purpose only*