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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)

**Unaudited Condensed Interim Financial Statements and
Dividend Announcement for the First Quarter and
Three Months Ended 31 March 2023**

This overseas regulatory announcement is issued pursuant to Part XIVA of the Securities and Futures Ordinance and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

This results announcement is made in accordance to Listing Manual of the Singapore Exchange Securities Trading Limited. This results announcement contains financial information based on Singapore Financial Reporting Standards (International) and International Financial Reporting Standards, and have not been reviewed by auditors. Shareholders and public investors should be cautious trading in the shares of the Company.

By Order of the Board
SIIC Environment Holdings Ltd.
Mr. Yang Jianwei
Executive Director

Singapore and Hong Kong, 28 April 2023

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. Yang Wei; and the independent non-executive Directors are Mr. Yeo Guat Kwang, Mr. An Hongjun and Mr. Zhong Ming.

** For identification purpose only*



SIIC ENVIRONMENT HOLDINGS LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No: 200210042R)

Unaudited Condensed Interim Financial Statements and
Dividend Announcement for the First Quarter and
Three Months Ended 31 March 2023

28 April 2023

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SIIC Environment Holdings Ltd.
(Incorporated in the Republic of Singapore)
(Company Registration No. 200210042R)

First Quarter and Three Months of Financial Year 2023 Financial Statements And Dividend Announcement

Business Review

The board of SIIC Environment Holdings Ltd. (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2023 (“1QFY2023”). The Group’s net profit attributable to shareholders for the period amounted to RMB150.0 million, a decrease of 14.7% year-on-year.

This performance was on the back of a 7.5% increase in revenue to RMB1,918.7 million as supported by the increase in operating and maintenance income and finance income from service concession arrangement. Gross profit rose 16.9% to RMB676.0 million.

As at 31 March 2023, the Group’s cash and cash equivalents stood at a healthy RMB2.58 billion.

Review of Interim Results

The audit committee has reviewed the Company’s unaudited consolidated interim results for the three months ended 31 March 2023.

Corporate Governance

The Company has complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of the Hong Kong Limited (the “SEHK”) throughout the three months ended 31 March 2023.

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group		
		3 Months Ended		Changes
		31.3.23 (Unaudited)	31.3.22 (Unaudited)	
		RMB'000	RMB'000	%
Revenue	5	1,918,732	1,784,879	7.5
Cost of sales		(1,242,779)	(1,206,694)	3.0
Gross profit		675,953	578,185	16.9
Other income		30,246	31,338	(3.5)
Other gains and losses		(797)	(2,924)	(72.7)
Selling and distribution costs		(17,994)	(19,187)	(6.2)
Administrative expenses		(134,792)	(97,500)	38.2
Finance expenses		(227,039)	(165,456)	37.2
Share of results of joint ventures		7,548	10,163	(25.7)
Share of results of associates		2,900	3,830	(24.3)
Profit before tax		336,025	338,449	(0.7)
Income tax expense	6	(94,026)	(82,606)	13.8
Profit for the period	7	241,999	255,843	(5.4)
Other comprehensive income:				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Exchange difference arising from translation		31,945	18,993	68.2
Fair value change on investments in equity instruments designated as at FVTOCI		-	56	N.M.
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising from translation of foreign operations		(9,470)	3,480	N.M.
Total other comprehensive income for the period, net of tax		22,475	22,529	(0.2)
Total comprehensive income for the period		264,474	278,372	(5.0)
Profit for the period attributable to:				
Owners of the Company		150,031	175,821	(14.7)
Non-controlling interests		91,968	80,022	14.9
		241,999	255,843	(5.4)
Total comprehensive income attributable to:				
Owners of the Company		172,506	198,350	(13.0)
Non-controlling interests		91,968	80,022	14.9
		264,474	278,372	(5.0)
Earnings per share for profit for the period attributable to the owners of the Company during the period:				
-Basic (RMB in cent)		5.82	6.83	(14.8)
-Diluted (RMB in cent)		5.82	6.83	(14.8)

N.M. – Not Meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		As at 31.3.23 (Unaudited)	As at 31.12.22 (Audited)	As at 31.3.23 (Unaudited)	As at 31.12.22 (Audited)
		RMB'000	RMB'000	RMB'000	RMB'000
Current assets					
Cash and cash equivalents		2,577,555	2,512,625	121,852	93,920
Pledged bank deposits		94,506	93,880	-	-
Trade and other receivables	8	4,782,978	4,523,881	1,083	1,114
Bills receivables		3,200	1,184	-	-
Prepayments		67,074	72,075	732	56
Inventories		240,828	233,483	-	-
Receivables under service concession arrangements - current portion	9	763,350	733,089	-	-
Amounts due from customers for contract work		79,890	77,767	-	-
Amounts due from subsidiaries		-	-	2,335,854	2,414,593
Amounts due from joint venture		9,513	23,028	462	137
Amounts due from associates		7,895	44,723	-	-
Financial assets at fair value through profit or loss		9,267	9,415	-	-
Total current assets		8,636,056	8,325,150	2,459,983	2,509,820
Non-current assets					
Financial assets at fair value through other comprehensive income		13,400	13,400	-	-
Prepayments		175,714	175,189	-	-
Receivables under service concession arrangements – non-current portion	9	23,092,553	22,816,306	-	-
Property, plant and equipment		446,697	444,770	53	59
Right-of-use assets		42,555	45,275	13,274	14,912
Intangible assets	10	7,055,252	7,070,383	5,722	5,870
Long term receivables		373,311	371,580	-	-
Deferred tax assets		57,751	57,481	-	-
Investment in subsidiaries		-	-	5,993,326	5,980,969
Interest in joint ventures		526,156	517,763	341,336	340,632
Interest in associates		235,047	232,467	-	-
Goodwill on consolidation		457,241	457,241	-	-
Amounts due from subsidiaries		-	-	3,130,994	3,161,219
Amounts due from associates		14,719	18,210	-	-
Total non-current assets		32,490,396	32,220,065	9,484,705	9,503,661
Total assets		41,126,452	40,545,215	11,944,688	12,013,481

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year. – cont'd

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION – cont'd

	Note	Group		Company	
		As at 31.3.23 (Unaudited)	As at 31.12.22 (Audited)	As at 31.3.23 (Unaudited)	As at 31.12.22 (Audited)
		RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities					
Trade and other payables	11	3,804,953	3,912,018	111,512	151,070
Bills payable to banks		14,660	24,994	-	-
Tax payable		126,717	139,337	-	-
Amounts due to customers for contract work		36,909	29,053	-	-
Amounts due to subsidiaries		-	-	259,811	259,286
Bank and other borrowings	12	4,126,370	3,772,704	1,964,008	1,960,206
Lease liabilities		8,635	9,056	6,546	6,466
Total current liabilities		8,118,244	7,887,162	2,341,877	2,377,028
Non-current liabilities					
Bank and other borrowings	12	15,440,243	15,374,835	2,994,140	2,993,697
Deferred tax liabilities		2,312,530	2,286,296	-	-
Other non-current liabilities		149,202	148,971	-	-
Lease liabilities		31,187	33,379	6,976	8,672
Total non-current liabilities		17,933,162	17,843,481	3,001,116	3,002,369
Capital, reserves and non-controlling interests					
Share capital	13	5,920,175	5,920,175	5,920,175	5,920,175
Retained earnings		3,814,380	3,682,917	207,772	253,832
Other reserves		253,511	212,468	473,748	460,077
Equity attributable to owners of the Company		9,988,066	9,815,560	6,601,695	6,634,084
Non-controlling interests		5,086,980	4,999,012	-	-
Total equity		15,075,046	14,814,572	6,601,695	6,634,084
Total liabilities and equity		41,126,452	40,545,215	11,944,688	12,013,481

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, please specify the following at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

Please refer to Note 12 to the Condensed Interim Consolidated Financial Statements.

- 1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	For 3 Months Ended	
	31.3.23	31.3.22
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Operating activities:		
Profit before tax	336,025	338,449
Adjustments for:		
Loss/(Reversal of loss) allowance for trade receivables, net	589	(3,148)
Depreciation of property, plant and equipment	10,543	10,859
Amortisation of intangible assets	97,374	80,710
Depreciation of right-of-use assets	2,720	2,167
Loss on disposal of property, plant and equipment	11	30
Finance income	(7,551)	(8,481)
Finance expenses	227,039	165,456
Share of results of associates	(2,900)	(3,830)
Share of results of joint ventures	(7,548)	(10,163)
Fair value loss on financial assets at fair value through profit and loss	148	74
Operating cash flows before working capital changes	656,450	572,123
(Increase)/Decrease in:		
Inventories	(7,345)	(35,661)
Amounts due from/to customers for contract work, net	5,733	117
Trade receivables, other receivables and prepayments	(294,132)	(203,121)
Bills receivables	(2,016)	(570)
Amounts due from joint ventures	13,515	-
Amounts due from associates	40,319	(268)
Decrease in:		
Trade and other payables (inclusive of non-current liabilities)	(66,573)	(119,339)
Bills payable to banks	(10,334)	(19,817)
Cash generated from operating activities before service concession arrangement projects	335,617	193,464
Change in receivables under service concession arrangements (Note A)	(228,867)	(599,967)
Cash generated from/(used in) operating activities after service concession arrangement projects	106,750	(406,503)
Interest received	4,417	5,491
Income tax paid	(63,708)	(77,027)
Net cash generated from/(used in) operating activities	47,459	(478,039)

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. – cont'd

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS – cont'd

	Group	
	For 3 Months Ended	
	31.3.23	31.3.22
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Investing activities:		
Purchase of property, plant and equipment	(6,804)	(27,196)
Purchase of intangible assets, net of amount on credit terms	(73,280)	(105,321)
Movement in prepayment for property, plant and equipment and intangible assets, net	(44,692)	(34,684)
Proceeds from disposal of property, plant and equipment	11	83
Additional capital injection in an associate	-	(27,000)
Net cash used in investing activities	(124,765)	(194,118)
Financing activities:		
Proceeds from bank and other borrowings	669,704	1,273,447
Repayment of bank and other borrowings	(231,003)	(495,539)
Interest paid	(249,716)	(233,895)
Principal and interest elements of lease payments	(3,141)	(2,426)
Dividend paid to non-controlling interest in subsidiaries	(43,110)	(20,000)
Contribution from non-controlling interests upon additional capital injection in subsidiaries	-	84,063
Increase in pledged bank deposits	(626)	(43,742)
Net cash generated from financing activities	142,108	561,908
Net increase/(decrease) in cash and cash equivalents	64,802	(110,249)
Cash and cash equivalents at beginning of period	2,512,625	2,794,951
Effects of exchange rate changes on cash and cash equivalents	128	(409)
Cash and cash equivalents at end of period	2,577,555	2,684,293

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. – cont'd

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS – cont'd

	Group	
	For 3 Months Ended	
	31.3.23	31.3.22
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cash and cash equivalents at end of period		
Cash and bank balances	2,672,061	2,842,674
Less: Pledged bank deposits	(94,506)	(158,381)
Cash and cash equivalents	<u>2,577,555</u>	<u>2,684,293</u>

Note A:

In accordance with the application of SFRS(I) INT 12 *Service Concession Arrangements* and SFRS(I) 1-7 *Statement of Cash Flows*, the movement in the receivables under service concession arrangements has been classified under operating activities. The movement in the receivables under service concession arrangements was mainly arising from the construction and/or purchase of new or existing water treatment and waste incineration facilities in 1QFY2023.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

GROUP	Share capital	Retained earnings	Other reserves, total	General reserve	Investment revaluation reserve	Translation reserve	Effects of changes in ownership interest in subsidiaries where there is no change in control	Merger reserve	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.1.23 (Audited)	5,920,175	3,682,917	212,468	625,982	-	(203,033)	(10,166)	(200,315)	9,815,560	4,999,012	14,814,572
Profit for the period	-	150,031	-	-	-	-	-	-	150,031	91,968	241,999
<u>Other comprehensive income</u>											
Exchange differences arising on translation	-	-	31,945	-	-	31,945	-	-	31,945	-	31,945
Exchange differences arising on translation of foreign operations	-	-	(9,470)	-	-	(9,470)	-	-	(9,470)	-	(9,470)
Other comprehensive income for the period, net of tax	-	-	22,475	-	-	22,475	-	-	22,475	-	22,475
Total comprehensive income for the period	-	150,031	22,475	-	-	22,475	-	-	172,506	91,968	264,474
<u>Transactions with owners recognised directly in equity</u>											
Transfer to general reserve	-	(18,568)	18,568	18,568	-	-	-	-	-	-	-
Total	-	(18,568)	18,568	18,568	-	-	-	-	-	-	-
<u>Others</u>											
Dividends declared to NCI	-	-	-	-	-	-	-	-	-	(4,000)	(4,000)
Total	-	-	-	-	-	-	-	-	-	(4,000)	(4,000)
Balance at 31.3.23 (Unaudited)	5,920,175	3,814,380	253,511	644,550	-	(180,558)	(10,166)	(200,315)	9,988,066	5,086,980	15,075,046

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. – cont'd

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY – cont'd

GROUP	Share capital	Retained earnings	Other reserves, total	General reserve	Investment revaluation reserve	Translation reserve	Effects of changes in ownership interest in subsidiaries where there is no change in control	Merger reserve	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.1.22 (Audited)	5,920,175	3,188,828	423,508	541,952	(8,068)	100,105	(10,166)	(200,315)	9,532,511	4,503,690	14,036,201
Profit for the period	-	175,821	-	-	-	-	-	-	175,821	80,022	255,843
<u>Other comprehensive income</u>											
Exchange differences arising on translation	-	-	18,993	-	-	18,993	-	-	18,993	-	18,993
Exchange differences arising on translation of foreign operations	-	-	3,480	-	-	3,480	-	-	3,480	-	3,480
Fair value change on investments in equity instruments designated as at FVTOCI	-	-	56	-	56	-	-	-	56	-	56
Other comprehensive income for the period, net of tax	-	-	22,529	-	56	22,473	-	-	22,529	-	22,529
Total comprehensive income for the period	-	175,821	22,529	-	56	22,473	-	-	198,350	80,022	278,372
<u>Transactions with owners recognised directly in equity</u>											
Transfer to general reserve	-	(8,459)	8,459	8,459	-	-	-	-	-	-	-
Total	-	(8,459)	8,459	8,459	-	-	-	-	-	-	-
<u>Others</u>											
NCI upon proportional capital injection in a subsidiary	-	-	-	-	-	-	-	-	-	84,063	84,063
Total	-	-	-	-	-	-	-	-	-	84,063	84,063
Balance at 31.3.22 (Unaudited)	5,920,175	3,356,190	454,496	550,411	(8,012)	122,578	(10,166)	(200,315)	9,730,861	4,667,775	14,398,636

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. – cont'd

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY – cont'd

COMPANY	Share capital RMB'000	Retained earnings RMB'000	Other reserves* RMB'000	Total equity RMB'000
Balance at 1.1.23 (Audited)	5,920,175	253,832	460,077	6,634,084
Loss for the period	-	(46,060)	-	(46,060)
<u>Other comprehensive income</u>				
Exchange differences arising on translation, net of tax	-	-	13,671	13,671
Other comprehensive income for the period, net of tax	-	-	13,671	13,671
Total comprehensive loss for the period	-	(46,060)	13,671	(32,389)
Balance at 31.3.23 (Unaudited)	5,920,175	207,772	473,748	6,601,695
Balance at 1.1.22 (Audited)	5,920,175	182,128	(107,989)	5,994,314
Loss for the period	-	(10,340)	-	(10,340)
<u>Other comprehensive loss</u>				
Exchange differences arising on translation, net of tax	-	-	(41,232)	(41,232)
Other comprehensive loss for the period, net of tax	-	-	(41,232)	(41,232)
Total comprehensive loss for the period	-	(10,340)	(41,232)	(51,572)
Balance at 31.3.22 (Unaudited)	5,920,175	171,788	(149,221)	5,942,742

* Relates to translation reserve.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

SIIC Environment Holdings Ltd. (the “Company”) is a public limited company, incorporated and domiciled in the Republic of Singapore and is dual listed on the Singapore Exchange Securities Trading Limited (the “SGX”) and the Stock Exchange of Hong Kong (the “SEHK”). These condensed interim consolidated financial statements as at and for the three months ended 31 March 2023 comprise the Company and its subsidiaries’ (collectively, “the Group”). The registered office and principal place of business of the Company is located at One Temasek Avenue, #37-02 Millenia Tower, Singapore 039192. There were no changes to the principal activities of the Group.

2. BASIS OF PREPARATION

The unaudited condensed interim consolidated financial statements for the three months ended 31 March 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s.

The presentation currency of the condensed interim financial statements is Renminbi (“RMB”) as the Group’s operations are substantially based in the People’s Republic of China (“PRC”).

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2. BASIS OF PREPARATION - cont'd

2.2 Use of judgements and estimates

The preparation of the condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 9 – Receivables under service concession arrangements

Management has determined that there is no impairment loss for the Group's goodwill on consolidation as at 31 March 2023.

2.3 Financial Risk Management Objectives and Policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include (i) foreign currency risk; (ii) interest rate risk; (iii) liquidity risk; and (iv) credit risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer and Management.

The condensed interim consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2022.

There have been no changes in the risk management policies since year end.

3. SEASONAL OPERATIONS

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. SEGMENT INFORMATION

The Group is organised into business segments based on their products and services, and has reportable segments as follows:

(i) Water and Sludge Treatment:

Principal activities include construction, management and operation of water and sludge related infrastructure under service concession arrangements and management and operation of water and sludge related infrastructure under non-service concession arrangements and financial income under service concession arrangements.

(ii) Water Supply:

Principal activities include construction, management and operation of water supply related infrastructure under service concession arrangements.

(iii) Waste incineration:

Principal activities include construction, management and operation of waste incineration related infrastructure under service concession arrangements.

Other operations include design and consultancy on the projects and installation of water meters. None of these segments meets any of the quantitative thresholds for determining reportable segments for the financial period ended 31 March 2023 and 31 December 2022.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Group's financing and income taxes are managed on a Group basis and are not allocated to operating segments. Unallocated assets/liabilities mainly comprise of corporate assets and liabilities, tax assets and liabilities and interest income and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

Transfer prices between operating segments are on agreed-term basis in a manner similar to transactions with third parties.

4. SEGMENT INFORMATION - cont'd

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments:

Three Months ended 31 March 2023 (Unaudited)

All amount in RMB'000	Water and Sludge Treatment	Water Supply	Waste Incineration	Total for Reportable Segments	Others Segment	Unallocated	Consolidated
Revenue	1,073,782	257,381	541,288	1,872,451	46,281	-	1,918,732
Reportable segment profit/(loss) from operations	388,014	30,157	138,325	556,496	12,901	(42,202)	527,195
Finance income	-	-	-	-	-	7,551	7,551
Finance expenses	-	-	-	-	-	(227,039)	(227,039)
Other non-operating income	4,026	13,844	-	17,870	-	-	17,870
Share of results of associates	688	-	2,212	2,900	-	-	2,900
Share of results of joint ventures	-	-	7,548	7,548	-	-	7,548
Income tax expense	(47,492)	(8,674)	(20,421)	(76,587)	(2,156)	(15,283)	(94,026)
Profit after tax							241,999
Segment depreciation and amortisation	81,490	26,067	-	107,557	65	3,015	110,637
Segment non-cash income	-	-	-	-	-	-	-
Segment non-cash expenses	-	(589)	-	(589)	(148)	-	(737)

4. SEGMENT INFORMATION - cont'd

Segment revenue and results – cont'd

Three Months ended 31 March 2022 (Unaudited)

All amount in RMB'000	Water and Sludge Treatment	Water Supply	Waste Incineration	Total for Reportable Segments	Others Segment	Unallocated	Consolidated
Revenue	961,706	219,187	544,051	1,724,944	59,935	-	1,784,879
Reportable segment profit/(loss) from operations	358,595	30,282	84,794	473,671	16,986	(17,374)	473,283
Finance income	-	-	-	-	-	8,481	8,481
Finance expenses	-	-	-	-	-	(165,456)	(165,456)
Other non-operating income	4,823	2,472	853	8,148	-	-	8,148
Share of results of associates	3,619	-	-	3,619	211	-	3,830
Share of results of joint ventures	-	-	10,163	10,163	-	-	10,163
Income tax expense	(39,986)	(9,159)	(21,675)	(70,820)	(2,798)	(8,988)	(82,606)
Profit after tax							255,843
Segment depreciation and amortisation	61,888	26,401	3,101	91,390	70	2,276	93,736
Segment non-cash income	3,695	-	-	3,695	-	-	3,695
Segment non-cash expenses	-	(547)	-	(547)	(74)	-	(621)

4. SEGMENT INFORMATION - cont'd

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segments:

At 31 March 2023 (Unaudited)

All amount in RMB'000	Water and Sludge Treatment	Water Supply	Waste Incineration	Total for Reportable Segments	Others Segment	Unallocated	Consolidated
Segment assets	28,874,057	4,918,942	5,443,672	39,236,671	619,105	486,806	40,342,582
Interest in joint ventures	-	-	526,156	526,156	-	-	526,156
Interest in associates	94,758	-	-	94,758	109,074	31,215	235,047
Financial assets at fair value through profit or loss	6,506	-	-	6,506	2,761	-	9,267
Financial assets at fair value through other comprehensive income	10,400	-	-	10,400	3,000	-	13,400
Total assets							41,126,452
Segment liabilities	11,069,592	2,125,631	3,528,772	16,723,995	1,268,562	8,058,849	26,051,406
Segment capital expenditure	112,649	34,592	-	147,241	-	-	147,241

4. SEGMENT INFORMATION - cont'd

Segment assets and liabilities - cont'd

At 31 December 2022 (Audited)

All amount in RMB'000	Water and Sludge Treatment	Water Supply	Waste Incineration	Total for Reportable Segments	Others Segment	Unallocated	Consolidated
Segment assets	27,623,624	5,143,292	6,000,859	38,767,775	580,002	424,393	39,772,170
Interest in joint ventures	-	-	517,763	517,763	-	-	517,763
Interest in associates	94,070	-	-	94,070	106,862	31,535	232,467
Financial assets at fair value through profit or loss	6,506	-	-	6,506	2,909	-	9,415
Financial assets at fair value through other comprehensive income	10,400	-	-	10,400	3,000	-	13,400
Total assets							40,545,215
Segment liabilities	10,811,541	2,428,834	3,851,122	17,091,497	1,236,313	7,402,833	25,730,643
Segment capital expenditure	268,982	132,284	410	401,676	278	6,385	408,339

5. REVENUE

	3 months ended 31 March	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Construction revenue	614,267	611,229
Operating and maintenance income from services concession arrangements	885,034	767,195
Financial income from service concession arrangements	319,328	307,202
Service income	46,805	39,318
Other revenue	53,298	59,935
	<u>1,918,732</u>	<u>1,784,879</u>
Timing of revenue recognition:		
At a point in time	885,034	767,195
Over time	1,033,698	1,017,684
	<u>1,918,732</u>	<u>1,784,879</u>

6. TAXATION

	3 months ended 31 March	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current tax:		
Current year	68,024	55,702
Under provision in respect of prior periods	38	426
Deferred tax:		
Current year	25,964	26,478
	<u>94,026</u>	<u>82,606</u>

The corporate income tax applicable to the Singapore companies of the Group is 17% (Three Months ended 31 March 2022: 17%).

Under the Law of the People's Republic of China ("PRC") on Enterprise Income Tax ("EIT") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. In accordance with the "Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprises", certain subsidiaries, engaging in public infrastructure projects, are entitled to full exemption from EIT for the first three years and a 50% reduction in EIT for the next three years from the first year of generating operating income.

7. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting):

	3 months ended 31 March	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss/(Reversal of loss) allowance for trade receivables, net	589	(3,148)
Depreciation of property, plant and equipment	10,543	10,859
Amortisation of intangible assets	97,374	80,710
Depreciation of right-of-use assets	2,720	2,167
Loss on disposal of property, plant and equipment	11	30
Finance income	(7,551)	(8,481)
Finance expenses	227,039	165,456
Share of results of associates	(2,900)	(3,830)
Share of results of joint ventures	(7,548)	(10,163)
Fair value loss on financial assets at fair value through profit and loss	148	74
Foreign exchange loss/(gain), net	1,113	(856)

8. TRADE AND OTHER RECEIVABLES

The following is an aged analysis of trade receivables, net of loss allowance, excluding other receivables, presented based on the invoice date at the end of the reporting period:

	31 March 2023	31 December 2022
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 30 days	945,608	989,081
Within 31 to 60 days	396,277	335,935
Within 61 to 90 days	326,297	286,136
Within 91 to 180 days	595,070	475,927
Within 181 to 365 days	647,625	622,382
Over 365 days	772,160	728,482
	<u>3,683,037</u>	<u>3,437,943</u>

9. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

Consideration given by the grantor for a service concession arrangement is accounted for as an intangible asset (operating concessions) or a financial asset (receivables under service concession arrangements) or a combination of both, as appropriate. The financial asset component is as follows:

	31 March 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Receivables under service concession arrangements:		
Current portion	763,350	733,089
Non-current portion	23,092,553	22,816,306
	<u>23,855,903</u>	<u>23,549,395</u>
Expected collection schedule is analysed as follows:		
Within 1 year	763,350	733,089
Within 2 to 5 years	3,276,709	3,198,396
Over 5 years	19,815,844	19,617,910
	<u>23,855,903</u>	<u>23,549,395</u>

10. INTANGIBLE ASSETS

During the period, the Group's additions of intangible assets amounted to RMB139,303,000 (Three Months ended 31 March 2022: RMB141,275,000).

Certain intangibles with carrying value of RMB1,404,832,000 were pledged to secure the Group's bank borrowings as at 31 March 2023 (31 December 2022: RMB1,413,402,000).

11. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	31 March 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 30 days	784,847	1,066,380
Within 31 to 60 days	97,836	123,720
Within 61 to 90 days	158,977	52,847
Within 91 to 180 days	258,487	159,635
Within 181 to 365 days	268,403	140,732
Over 365 days	717,611	699,078
	<u>2,286,161</u>	<u>2,242,392</u>

12. BANK AND OTHER BORROWINGS

	31 March 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Amount repayable within one year or on demand:		
Secured	1,075,827	780,766
Unsecured	3,050,543	2,991,938
	<u>4,126,370</u>	<u>3,772,704</u>
Amount repayable after one year:		
Secured	9,206,170	9,272,142
Unsecured	6,234,073	6,102,693
	<u>15,440,243</u>	<u>15,374,835</u>

Details of any collateral

The bank and other borrowings are secured/ guaranteed on concessionary arrangements, trade receivables (relating to concessionary arrangements) collection rights, guarantees by subsidiaries, guarantees by third party company and/or secured by a corporate guarantee by SIIC Environment Holdings Ltd..

13. SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	Amount
	(Unaudited)	RMB'000 (Unaudited)
Issued and paid up share capital		
At 1 January 2022, 31 December 2022 and 31 March 2023	<u>2,575,665,726</u>	<u>5,920,175</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the three months ended 31 March 2023.

14. DIVIDENDS

A final one-tier tax exempt dividend of S\$0.01 per ordinary share in respect of the financial year ended 31 December 2022 was approved in the annual general meeting held on 28 April 2023 and will be paid out in May 2023.

15. NET ASSET VALUE

	Group		Company	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
	RMB cents (Unaudited)	RMB cents (Audited)	RMB cents (Unaudited)	RMB cents (Audited)
Net asset value per ordinary share	<u>387.79</u>	<u>381.09</u>	<u>256.31</u>	<u>257.57</u>

Net asset value per share is calculated based on the number of shares in issue of 2,575,665,726 as at 31 March 2023 (31 December 2022: 2,575,665,726).

16. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Except as detailed in the following tables below, the directors of the Company consider that the carrying amounts of all other financial assets and financial liabilities that are recorded at amortised cost in the consolidated financial statements to approximate their fair value, due to their short-term nature, that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period, or the discount rate used to amortise the instruments approximates the prevailing market interest rates.

The Group classifies financial assets measured at fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- b) Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- c) Inputs for the assets or liabilities which are not based on observable market data (unobservable inputs) (Level 3).

(i) Fair value of financial assets that are measured at fair value on a recurring basis

Financial assets	Fair value		Fair value hierarchy
	31 March 2023	31 December 2022	
	RMB'000 (Unaudited)	RMB'000 (Audited)	
Financial assets at FVTOCI			
Unlisted equity security	13,400	13,400	Level 3
Financial assets at FVTPL			
Listed equity security	2,761	2,909	Level 1
Put option of unlisted equity security	6,506	6,506	Level 3

16. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS - cont'd

(ii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis and whose carrying amounts are not reasonable approximation of fair value

	31 March 2023		31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Audited)	RMB'000 (Audited)
Financial assets				
Receivables under service concession arrangements	17,448,793	18,203,921	17,571,277	17,932,803
Financial liabilities				
Bank and other borrowings (Fixed rate borrowings)	(3,906,082)	(3,833,409)	(3,815,538)	(3,689,497)

The fair values of receivables under service concession arrangements and bank and other borrowings as disclosed in the table above are classified under level 3 of the fair value hierarchy and the fair values are estimated by discounting expected future cash flows at prevailing interest rate or borrowings rate as at the end of the reporting period.

There was no transfer amongst Levels 1, 2 and 3 in both periods.

17. SUBSEQUENT EVENTS

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

OTHER INFORMATION REQUIRED BY SGX LISTING RULE APPENDIX 7.2

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Please refer to Note 13 of the Notes to the Condensed Interim Consolidated Financial Statements.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 31 March 2023, there were no treasury shares held (31 December 2022: Nil). Total number of issued shares as at 31 March 2023 was 2,575,665,726 (31 December 2022: 2,575,665,726).

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares for the financial period ended 31 March 2023.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

During the financial period, there was no transaction pertaining to subsidiary holdings.

2. Whether the figures have been audited or reviewed, and in accordance with which standard or practice.

The condensed interim consolidated statement of financial position of the Company and its subsidiaries as at 31 March 2023 and the related condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the three-month period then ended and certain explanatory notes have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as that of the audited financial statements for the year ended 31 December 2022.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

No such change in the accounting policies and methods of computation.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Please refer to condensed interim consolidated statement of comprehensive income.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the**
(a) current financial period reported on; and
(b) immediately preceding financial year.

Please refer to Note 15 of the Notes to the Condensed Interim Consolidated Financial Statements.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affect the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

STATEMENT OF COMPREHENSIVE INCOME

Overall Review

The Group recorded an increase in revenue from RMB1,784.9 million in 1QFY2022 to RMB1,918.7 million in 1QFY2023, representing an increase of 7.5%. Gross profit ("GP") has increased from RMB578.2 million in 1QFY2022 to RMB676.0 million in 1QFY2023.

Meanwhile, the Group's profit for the period amounted to RMB242.0 million, decreasing 5.4% as compared to 1QFY2022. The Group's profit after tax (attributable to owners of the Company) decreased from RMB175.8 million in 1QFY2022 to RMB150.0 million in 1QFY2023, representing an decrease of 14.7%.

For more details on the analysis of the Group's performance, please refer to the following sections below.

8. A review of the performance of the group – cont'd.

(A) Revenue

Construction Revenue

Construction revenue amounted to RMB611.2 million and RMB614.3 million in 1QFY2022 and 1QFY2023 respectively. The Group's benchmark solid waste treatment and power generation project "Shanghai Baoshan Renewable Energy Utilization Centre" is expected to be fully constructed and operated in 2023, with construction revenue was on the same level as compared to 1QFY2022.

Operating and Maintenance Income from Service Concession Arrangements/ Financial Income from Service Concession Arrangements

The aggregate of operating and maintenance income and financial income from service concession arrangements amounted to RMB1,074.4 million and RMB1,204.4 million in 1QFY2022 and 1QFY2023 respectively. The higher revenue was underpinned by the increase in both wastewater treatment volume and average treatment tariff per tonne and higher finance income derived from the service concession arrangement.

Service Income

Service income from non-service concession arrangements amounted to RMB39.32 million and RMB46.81 million in 1QFY2022 and 1QFY2023 respectively. The service income is slightly increased in 1QFY2023 due to a new project awarded in Macao SAR.

Other Revenue

Other revenue for 1QFY2022 and 1QFY2023 were RMB59.94 million and RMB53.30 million respectively. The other revenue mainly consists of installation works carried out, which are ad-hoc in nature.

(B) Gross Profit ("GP") / Gross Profit Margin ("GPM")

The Group's GP increased by RMB97.77 million or 16.9% from RMB578.2 million in 1QFY2022 to RMB676.0 million in 1QFY2023. The increase in GP was driven by the rise in wastewater treatment and water supply volume, increase in average treatment tariff per tonne, higher margin contributed by Shanghai Baoshan Renewable Energy Utilization Centre from the commencing of operation in the beginning of the year, and higher finance income derived from the service concession arrangement contributed the higher GP.

GPM recorded a slight increase of 2.8%, from 32.4% in 1QFY2022 to 35.2% in 1QFY2023. The increase was mainly due to the rise in wastewater treatment volume, average treatment tariff per tonne and also higher GPM contributed by the Shanghai Baoshan Renewable Energy Utilization Centre from the commencing of operation in the beginning of the year.

8. **A review of the performance of the group – cont'd.**

(C) Other Income

Other income amounted to RMB31.34 million and RMB30.25 million in 1QFY2022 and 1QFY2023 respectively. The decrease in 1QFY2023 as compared to 1QFY2022 was mainly due to the reduction in ad-hoc work.

(D) Other Gains and Losses

Other gains and losses remained constant at net loss of RMB2.92 million and net loss of RMB0.80 million for 1QFY2022 and 1QFY2023, respectively. The variance is mainly due to unrealised foreign exchange loss recorded and other ad-hoc expenses.

(E) Selling and Distribution Costs

Selling and distribution costs decreased from RMB19.19 million in 1QFY2022 to RMB18.00 million in 1QFY2023. The selling and distribution costs are relatively stable in both comparative periods.

(F) Administrative Expenses

Administrative expenses increased 38.2% from RMB97.50 million in 1QFY2022 to RMB134.79 million in 1QFY2023. The increase in administrative expenses was mainly caused by the increase in manpower costs and is in line with the growth in overall revenue and water treatment volume, and also administrative expenses for the newly acquired subsidiaries.

(G) Finance Expenses

Finance expenses amounted to RMB165.5 million in 1QFY2022 and RMB227.0 million in 1QFY2023. The increase in 1QFY2023 compared to corresponding period are predominantly contributed by the increase in outstanding balance of bank and other borrowings, which was injected to support the ongoing projects construction and upgrading. Since May 2022, the interest rate hike in certain markets outside of Mainland China also increase a minor portion of finance expenses of the floating rate borrowings.

(H) Share of Results of Associates/ Share of Results of Joint Ventures

The share of results of associates and joint ventures using the equity method represents the Group's share of results in investments which are accounted for using equity method.

The decrease in share of results of associates in 1QFY2023 as compared to 1QFY2022 was mainly due to lower contribution from associates.

The decrease in share of results of joint ventures in 1QFY2023 as compared to 1QFY2022 was mainly due to cost pressure faced by joint ventures.

8. A review of the performance of the group – cont'd.

(I) Income Tax Expenses

Income tax expense amounted to RMB82.61 million and RMB94.03 million in 1QFY2022 and 1QFY2023, respectively. The increase in income tax expense was in line with the increase in revenue generated in 1QFY2023 as compared to 1QFY2022.

STATEMENTS OF FINANCIAL POSITION

(J) Current Assets

Current assets as at 31 March 2023 amounted to RMB8.64 billion (31 December 2022: RMB8.33 billion). The higher current assets was mainly due to the trade receivables balance contributed by higher revenue.

(K) Non-current Assets

Non-current assets as at 31 March 2023 amounted to RMB32.49 billion (31 December 2022: RMB32.22 billion). Non-current assets increase mainly due to the increase in receivables under service concession arrangements which was recorded based on the construction activities incurred.

(L) Current Liabilities

Current liabilities as at 31 March 2023 amounted to RMB8.12 billion (31 December 2022: RMB7.89 billion). The increase was mainly due to the bank and other borrowings.

(M) Non-current Liabilities

Non-current liabilities as at 31 March 2023 amounted to RMB17.93 billion (31 December 2022: RMB17.84 billion). The increase was mainly due to new long-term borrowings taken up in 1QFY2023.

8. A review of the performance of the group – cont'd.

STATEMENT OF CASH FLOWS

As at 31 March 2023, the Group's cash and cash equivalents stood at RMB2,577.6 million (31 December 2022: RMB2,512.6 million). In 1QFY2023, net cash of RMB47.46 million was generated from the Group's operating activities, a significant of cash was used towards the Group's investments in projects with service concession arrangements. Excluding cash used in these projects, cash generated from operating activities in 1QFY2023 was RMB276.3 million.

Net cash used in the Group's investing activities of RMB124.8 million in 1QFY2023 was mainly due to net cash outflow from purchase of property, plant and equipments and intangibles assets.

Net cash generated from financing activities of RMB142.1 million in 1QFY2023 was mainly due to the net proceeds from bank and other borrowings, which are partially offset by interest paid.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

With the People's Republic of China ("China") having fully lifted pandemic control measures which lasted for three years, economic activities in the country have gradually resumed. On the policy front, China has continued to push forward with such major strategies as "Carbon Peaking and Carbon Neutrality Goals", "Building a Beautiful China" and "Country's Digital Development", and as such, the green energy and environmental protection industries are taking on a new stage of high-quality development. The Group heeding national policies, has been looking for new development opportunities in key regions. In recent years, the Group has focused on business in the Yangtze River Economic Belt, the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area"), continuing to increase investment in these key areas. In the future, drawing on its own advantages, the Group will seize market opportunities at home and abroad and, aligning with the green, low carbon and high-quality development direction, accelerate a new round of layout and development.

Since stepping into 2023, the Chinese government has issued a series of policies to promote environmental management and wastewater recycling. On 18 January, the National Development and Reform Commission, the Ministry of Housing and Urban-Rural Development and the Ministry of Ecology and Environment together issued the "Implementation Plan for Promoting Construction and Management of Domestic Wastewater and Wastes Treatment Facilities in Administrative Towns (關於推進建制鎮生活污水垃圾處理設施建設和管理的實施方案)". The plan explicitly calls for improving the shortcomings of domestic wastewater collection and treatment facilities, promoting upgrading of wastewater treatment facilities in cities and counties, and requiring the Beijing-Tianjin-Hebei region, the Yangtze River Delta region, the Greater Bay Area to basically achieve full coverage of domestic wastewater treatment needs. With local governments continuing to have national policy support in raising wastewater treatment quality and the standard of reusing recycled water resource, the green industry is opened to more market opportunities, very much conducive to the Group developing its main businesses such as wastewater treatment, water supply and sludge treatment. The Group has been a leader boasting strong competitiveness in the wastewater treatment field. In the first quarter of 2023, the Group's benchmark project Shanghai Qingpu Xicen Water Purification Plant ("Xicen Project") has completed all pile foundation works, and is committed to building an all-underground wastewater treatment plant with the highest discharge standard in China. In January, the Macau Taipa Wastewater Treatment Plant Operation & Maintenance Project ("Taipa Project") commenced operation. In February, the Group won the bid for the Avenida Marginal do Lam Mau temporary wastewater treatment project ("Lam Mau Project") in Macau. When in full operation, the projects in Macau will enhance the quality of local wastewater management as well as the Group's business development in the Greater Bay Area. In the future, the Group will continue to tap the policy tailwinds and look out for project opportunities in these key regions.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months. – cont'd.

In addition, regarding digital development in the water supply realm, on 27 February, the Central Committee of the Communist Party of China and the State Council issued "The Overall Layout of the Country's Digital Development (數字中國建設整體佈局規劃)", which requires extensive integration of digital technology with eco-environmental conservation to speed up setting up a smart and efficient ecological environment information system. For the Group, it has continuously invested in innovation, research and development, and digital development of its water businesses, and is committed to the use of information, digital and intelligent technologies to enhance operational efficiency. In terms of technological innovation, the Group's benchmark project Shanghai Baoshan Renewable Energy Utilization Center ("Baoshan Project") has actively explored using digital and intelligent technologies for waste disposal, and increased investment in R&D of key technologies, such as real-time carbon emission detection. On the back of the Group's continuous innovation to improve quality and efficiency, the Baoshan Project has become the most efficient waste-to-energy project in Shanghai. In terms of intelligent and digital development, the Group has actively pressed on with construction and promotion of digital platforms and been able to, with the help of online systems, enhanced overall management and service efficiency. Going forward, it will continue to promote digital transformation of relevant businesses, so as to realize synergies in water management, efficient use of water resources and easy access to water services. The Group aims to lay the foundation for long-term development with high-quality management.

In the future, the Group will continue to take advantage of development opportunities. Empowered by a series of favorable policies, it will give full play to its strengths to forcefully work by ESG-oriented development concept and establish relevant systems, steadily advance various work items, keep enlarging market share, generate long-term sustainable value returns for shareholders, and make contributions to Chinese modernization that emphasizes harmonious coexistence of humankind and nature.

11. Dividend

If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended): and

(b) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

There was no interim dividend declared for 1QFY2022.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the Dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 p.m.) will be registered before entitlements.

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

The Company did not declare any dividend as the Company requires cash to fund its capital expenditure and investment in projects.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained from shareholders.

14. Confirmation by Directors pursuant to Rule 705(5) of the SGX-ST Listing Manual

We, Yang Jianwei and Xu Xiaobing, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the period ended 31 March 2023, to be false or misleading, in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Mr. Yang Jianwei
Executive Director

28 April 2023