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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 Records Revenue of RMB7.573 Billion in FY2023, with Net Profit Attributable to Shareholders of the Group Reaching RMB604 million Board proposes final dividend of SGD0.006

- *FY2023 revenue amounted to RMB7.573 billion, a decrease of 8.8% year on year (YOY)*
- *FY2023 net profit decreased by 9.1% YOY to RMB1.019 billion*
- *FY2023 net profit attributable to shareholders was RMB604 million, a decrease of 22.6% YOY*
- *Construction revenue in FY2023 decreased by 37.1% YOY to RMB1.868 billion, primarily because the main construction component of the Group's Shanghai Baoshan Renewable Energy Utilization Center Project ("**Baoshan Project**") had been completed at the end of 2022 and was put into operation in 2023*
- *The aggregate of operating and maintenance income and financial income from service concession arrangements increased by 10.1% YOY to RMB5.182 billion, mainly due to the increase in solid waste business income as a result of the commencement of operation of the Baoshan Project in 2023; the rise in wastewater treatment volume and water supply volume; the boost in water segment revenue due to the increase in average wastewater treatment tariff and water supply tariff*
- *In terms of projects, the Group won five quality wastewater treatment projects with a total designed capacity of nearly 200,000 tonnes per day in FY2023. In addition, 17 wastewater treatment projects with a total designed capacity of nearly 500,000 tonnes per day were awarded upgrades and tariff increases or upgraded documents from the government and extended concession periods*

- Three upgrade and expansion projects, or projects under construction, with a total designed capacity of 220,000 tonnes per day were put into commercial operation
- As at FY2023, the Group had nearly 250 wastewater treatment and water supply projects, with a total capacity of 13.16 million tonnes per day

Financial Highlights

RMB million	FY2023	FY2022	Change (%)
Revenue	7,573	8,304	-8.8
Gross Profit	2,704	2,633	2.7
Net profit	1,020	1,122	-9.1
Net profit attributable to shareholders	604	780	-22.6
Earnings per share (EPS) (RMB cents)	23.45	30.29	-22.6

(Singapore and Hong Kong, 26 February 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 unaudited results for the twelve months ended 31 December 2023 (“**FY2023**” or the “**Reporting Period**”). The Group's revenue decreased by 8.8% YOY to RMB7.573 billion, and net profit attributable to shareholders slid by 22.6% YOY to RMB604 million.

In FY2023, operation and maintenance income and financial income from service concession arrangements increased by 10.1% YOY to RMB5.182 billion, mainly due to the increase in solid waste business income as a result of the commencement of operation of the Baoshan Project in 2023; the rise in wastewater treatment volume and water supply volume; and the boost in water segment revenue due to the increase in average wastewater treatment tariff and water supply tariff. The gross profit margin of the operation business was higher than that of construction revenue, and the increase in the gross profit margin and revenue of the operation business offset the decrease in construction revenue. In FY2023, the Group's gross profit increased by 2.7% from the same period last year to RMB2.704 billion.

Net profit for FY2023 decreased by 9.1% YOY, mainly due to an increase in financing costs of RMB119 million. As at the end of 2022, 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. In response to the changes in the international financial market in 2023, the Group has continued to optimize its financing structure by replacing high-interest borrowings with low-interest borrowings and working with banks to obtain lower RMB fixed-rate borrowings. As at the end of 2023, overseas RMB fixed-rate loans increased by RMB610 million, and the share of such loans has increased by 10.9%, from 3.7% at the end of 2022 to 14.6% at the end of 2023.

As at 31 December 2023, the Group's cash and cash equivalents remained at a healthy level of RMB2.89 billion, higher than the level at the end of 2022. During the Reporting Period, net cash of RMB1.901 billion was generated from the Group's operating activities. Excluding cash used in these projects, cash generated from operating activities in FY2023 was RMB1.977 billion. The Company is in good financial condition and has a strong balance sheet.

The Board has recommended a final dividend of SGD0.006 per ordinary share and will seek the approval from the Company's shareholders at the annual general meeting.

Business Review

In 2023, the economy of the People's Republic of China ("**China**") rebounded and moved towards high-quality development, placing greater demands on environmental quality and ecological protection. Benefiting from more new policies favorable to the environmental protection industry and higher investment in environmental protection infrastructure, the Group further consolidated its core business competitiveness, expanded its project layout, and generated steady development momentum as a whole. During the Reporting Period, the Group added five quality wastewater treatment projects in Guangxi Province, Heilongjiang Province and the Macau Special Administrative Region ("**Macau**") with a total designed treatment capacity of nearly 200,000 tonnes per day. Furthermore, 17 wastewater treatment projects with a total designed treatment capacity of nearly 500,000 tons per day were awarded upgrades, expansion, tariff increases or extension of their operation and maintenance period, and three upgrade and expansion projects with a total designed treatment capacity of 220,000 tonnes per day were completed and put into commercial operation. As at the end of FY2023, the Group had nearly 250 wastewater treatment and water supply projects with a total production capacity of 13,160,000 tonnes per day.

In FY2023, the Group's wastewater treatment volume increased by 2.2% YOY to 2.525 billion tonnes and the water supply volume increased by 2.2% YOY to 324 million tonnes. In terms of treatment tariffs, the average wastewater treatment tariff increased by 7.8% YOY to RMB1.87 per tonne, and the average water supply tariff was RMB2.57 per tonne, a YOY increase of 3.1%.

Prospects

In 2023, against the dual-carbon strategy backdrop, the “Carbon Peaking” and “Carbon Neutrality” policy framework has continuously improved. The Chinese economy and society entered the stage of high-quality development with greening and low-carbon development picking up speed. In December 2023, the Communist Party of China Central Committee and the State Council issued the “Guidelines to Comprehensively Promote the Development of a Beautiful China”, calling for coordinated efforts to promote carbon and pollution reduction, greenery expansion and growth, for the purpose of assuring the country’s ecological security. The set targets are that, by 2035, green methods of production and ways of life will have been developed broadly, carbon emissions will have peaked and be in steady decline, and the country's ecological environment will have improved fundamentally, and the Beautiful China goal will have basically achieved, translating into important development opportunities to China's green environmental protection industry. In that same period, the National Development and Reform Commission (“**NDRC**”) and the Ministry of Finance issued the “Guiding Opinions on Regulating the New Mechanism of Public-Private Partnerships”, the aim of which is to encourage new public-private partnership construction (including reconstruction and expansion) projects, which is also expected to present new opportunities to the Group’s wastewater and solid waste treatment projects, conducive to promoting industry upgrade.

On the water policy front, in December 2023, the NDRC, the Ministry of Housing and Urban-Rural Development, and the Ministry of Ecology and Environment together issued the “Implementation Opinions on Promoting Wastewater Treatment to Reduce Pollution and Carbon, Creating Synergies and Strengthening Efficiency” (“**Implementation Opinions**”), stating that, by 2025, the recycled water utilization rate in water-scarce cities at prefecture level and above should reach more than 25% and that 100 guidepost green and low-carbon wastewater treatment plants capable of efficient recycling of energy resources have to be built. In October 2023, the NDRC issued the “National Carbon Peaking Pilot Construction Plan”, with the goals of selecting 100 representative cities and industrial parks in China to carry out carbon peaking pilot construction and planning and implementing key projects in such as energy infrastructure, energy-saving and carbon-reduction transformation, advanced technology demonstration, environmental infrastructure, resource recycling, and ecological protection and restoration. The Group has actively deployed high-quality projects. Moreover, its wastewater treatment business has further grown with the support of

favorable policies. During the Reporting Period, the Macau Taipa WWTP O&M Project (“**Taipa Project**”) is the Group’s first overseas WWTP project, which not only expanded the business footprint of the Group in the Guangdong-Hong Kong-Macau Greater Bay Area, but also notably optimized its project layout. Construction of the Qingpu Xicen Water Purification Plant (“**Xicen Project**”), a guidepost WWTP project of the Group, was well underway with raft foundation construction completed and the pool walls of the wastewater treatment filter (negative second layer) 90% completed at the end of 2023. In the future, the Group will keep its eyes on high-quality new project opportunities to strengthen business development momentum and consolidate its industry leadership.

As for green finance, national policies encourage financial institutions to actively take part in financing and investing in environmental protection projects to promote the development of the eco-environmental protection industry. In December 2023, the NDRC issued the "Three-year Action Plan for Major Projects of the Yangtze River Delta Eco-Green Integrated Demonstration Zone", supportive of Eco-Environment-Oriented Development (EOD) projects, with eligible cross-provincial projects included into the Reservation Storage of Ecological Environmental Protection Financial Support Projects and backing eligible new infrastructure projects on issuing Real Estate Investment Trusts (REITs). In addition, the NDRC and two other departments in their Implementation Opinions stated the need to step up financial support for wastewater treatment, reduction of pollution and carbon emissions upgrade projects, and for local governments to include eligible projects into dedicated supporting bond scheme. With the encouragement and support of national policies, the Group is looking at more financing opportunities and has added advantage in broadening financing channels to help expand its wastewater, sludge and solid waste treatment business.

Regarding solid waste, also in December 2023, the NDRC issued the "Industrial Structure Adjustment Guidance Catalogue (2024)", which encourages projects that can reduce, convert into resources, harmlessly treat and realize integrated use of municipal waste, rural household waste, sludge and other solid wastes. It also supports the development of waste sorting-related technologies, equipment and facilities, and technologies relevant to small-scale distributed organic waste treatment in cities, towns and farming villages. The Group has been active in advancing the development of its solid waste, sludge and related businesses. Adopting top-grade treatment technologies and equipment, its guidepost project Shanghai Baoshan Renewable Energy Utilization Center (“**Baoshan Project**”) has effectively improved harmless waste treatment and turning waste into useful resources in Shanghai, proving to have significant meaning in fostering the city’s sustainable development.

Mr. Zhu Dazhi, Chief Executive Officer of SIIC Environment, said, "With its outstanding ability to acquire high-quality projects and proven operational strategies, the Group actively faced the challenges brought by the macroeconomic downturn in 2023. It not only facilitated the upgrading of

existing wastewater treatment projects, but also promoted the development of solid waste treatment and other environmental protection projects. In the future, the Group will closely follow national policy guidance and give full play to its experience and resource advantages in operating green and low-carbon projects, playing an active part in building a beautiful China. At the same time, the Group will further promote the development of green and low-carbon technologies, empower corporate development through digitalization, scientific management and independent innovation, further consolidate its core competitiveness, enhance its comprehensive strengths, and advance on high-quality sustainable development path."

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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

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