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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 Second Quarter and  
Six Months Ended 30 June 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 (the “SGX-ST”) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong 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 exercise caution when 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, 11 August 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 Second Quarter and  
Six Months Ended 30 June 2023

11 August 2023

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

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## **Second Quarter and Six 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 interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2023 (“1HFY2023”). The Group’s net profit attributable to shareholders for the period amounted to RMB377.4 million, an increase of 3.1% year-on-year.

This performance was on the back of a 9.0% increase in revenue to RMB4,018.8 million as supported by the increase in operating and maintenance income and finance income from service concession arrangement and construction revenue arising from the higher amount of construction activities in progress. Gross profit rose 15.5% to RMB1,437.7 million, mainly contributed by the new service concession arrangements.

As at 30 June 2023, the Group’s cash and cash equivalents stood at a healthy RMB2.20 billion.

### **Review of Interim Results**

The audit committee has reviewed the Company’s unaudited consolidated interim results for the six months ended 30 June 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 six months ended 30 June 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	6 Months Ended		Changes
		30.6.23 (Unaudited)	30.6.22 (Unaudited)		30.6.23 (Unaudited)	30.6.22 (Unaudited)	
		RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	5	2,100,117	1,901,996	10.4	4,018,849	3,686,875	9.0
Cost of sales		(1,338,358)	(1,235,573)	8.3	(2,581,137)	(2,442,267)	5.7
<b>Gross profit</b>		761,759	666,423	14.3	1,437,712	1,244,608	15.5
Other income		27,941	29,504	(5.3)	58,187	60,842	(4.4)
Other gains and losses		11,509	(14,401)	N.M.	10,712	(17,325)	N.M.
Selling and distribution costs		(19,889)	(19,804)	0.4	(37,883)	(38,991)	(2.8)
Administrative expenses		(128,206)	(124,923)	2.6	(262,998)	(222,423)	18.2
Finance expenses		(188,703)	(171,556)	10.0	(415,742)	(337,012)	23.4
Share of results of joint ventures		11,180	531	2,005.5	18,728	10,694	75.1
Share of results of associates		760	1,890	(59.8)	3,660	5,720	(36.0)
<b>Profit before tax</b>		476,351	367,664	29.6	812,376	706,113	15.0
Income tax expense	6	(124,718)	(75,727)	64.7	(218,744)	(158,333)	38.2
<b>Profit for the period</b>	7	351,633	291,937	20.4	593,632	547,780	8.4
<b>Other comprehensive loss:</b>							
<i>Items that will not be reclassified subsequently to profit or loss:</i>							
Exchange difference arising from translation		(184,943)	(152,603)	21.2	(152,998)	(133,610)	14.5
Fair value change on investments in equity instruments designated as at FVTOCI		-	(1,659)	N.M.	-	(1,603)	N.M.
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Exchange differences arising from translation of foreign operations		(17,753)	(4,351)	308.0	(27,223)	(871)	3,025.5
Total other comprehensive loss for the period, net of tax		(202,696)	(158,613)	27.8	(180,221)	(136,084)	32.4
<b>Total comprehensive income for the period</b>		148,937	133,324	11.7	413,411	411,696	0.4
<b>Profit for the period attributable to:</b>							
Owners of the Company		227,320	190,190	19.5	377,351	366,011	3.1
Non-controlling interests		124,313	101,747	22.2	216,281	181,769	19.0
		351,633	291,937	20.4	593,632	547,780	8.4
<b>Total comprehensive income attributable to:</b>							
Owners of the Company		24,624	31,577	(22.0)	197,130	229,927	(14.3)
Non-controlling interests		124,313	101,747	22.2	216,281	181,769	19.0
		148,937	133,324	11.7	413,411	411,696	0.4
<b>Earnings per share for profit for the period attributable to the owners of the Company during the period:</b>							
-Basic (RMB in cent)	15	8.83	7.38	19.6	14.65	14.21	3.1
-Diluted (RMB in cent)	15	8.83	7.38	19.6	14.65	14.21	3.1

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 30.6.23 (Unaudited)	As at 31.12.22 (Audited)	As at 30.6.23 (Unaudited)	As at 31.12.22 (Audited)
		RMB'000	RMB'000	RMB'000	RMB'000
<b>Current assets</b>					
Cash and cash equivalents		2,204,910	2,512,625	99,295	93,920
Pledged bank deposits		81,198	93,880	-	-
Trade and other receivables	8	5,015,399	4,523,881	1,146	1,114
Bills receivables		4,650	1,184	-	-
Prepayments		69,390	72,075	492	56
Inventories		262,016	233,483	-	-
Receivables under service concession arrangements - current portion	9	784,552	733,089	-	-
Amounts due from customers for contract work		88,266	77,767	-	-
Amounts due from subsidiaries		-	-	3,003,708	2,414,593
Amounts due from joint venture		9,838	23,028	787	137
Amounts due from associates		7,895	44,723	-	-
Financial assets at fair value through profit or loss		9,783	9,415	-	-
<b>Total current assets</b>		<b>8,537,897</b>	<b>8,325,150</b>	<b>3,105,428</b>	<b>2,509,820</b>
<b>Non-current assets</b>					
Financial assets at fair value through other comprehensive income		13,400	13,400	-	-
Prepayments		91,744	175,189	-	-
Receivables under service concession arrangements – non-current portion	9	23,007,875	22,816,306	-	-
Property, plant and equipment		355,361	444,770	48	59
Right-of-use assets		40,152	45,275	11,635	14,912
Intangible assets	10	7,774,202	7,070,383	5,773	5,870
Long term receivables		479,811	371,580	-	-
Deferred tax assets		57,581	57,481	-	-
Investment in subsidiaries		-	-	6,238,930	5,980,969
Interest in joint ventures		552,939	517,763	354,331	340,632
Interest in associates		233,765	232,467	-	-
Goodwill on consolidation		457,241	457,241	-	-
Loans to subsidiaries		-	-	3,168,618	3,161,219
Amounts due from associates		18,883	18,210	-	-
<b>Total non-current assets</b>		<b>33,082,954</b>	<b>32,220,065</b>	<b>9,779,335</b>	<b>9,503,661</b>
<b>Total assets</b>		<b>41,620,851</b>	<b>40,545,215</b>	<b>12,884,763</b>	<b>12,013,481</b>

**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 30.6.23 (Unaudited)	As at 31.12.22 (Audited)	As at 30.6.23 (Unaudited)	As at 31.12.22 (Audited)
		RMB'000	RMB'000	RMB'000	RMB'000
<b>Current liabilities</b>					
Trade and other payables	11	4,163,912	3,912,018	144,181	151,070
Bills payable to banks		10,954	24,994	-	-
Tax payable		125,957	139,337	-	-
Amounts due to customers for contract work		31,248	29,053	-	-
Amounts due to subsidiaries		-	-	269,516	259,286
Bank and other borrowings	12	4,809,893	3,772,704	2,785,598	1,960,206
Lease liabilities		8,563	9,056	6,625	6,466
<b>Total current liabilities</b>		<b>9,150,527</b>	<b>7,887,162</b>	<b>3,205,920</b>	<b>2,377,028</b>
<b>Non-current liabilities</b>					
Bank and other borrowings	12	14,813,055	15,374,835	2,993,917	2,993,697
Deferred tax liabilities		2,366,587	2,286,296	-	-
Other non-current liabilities		158,526	148,971	-	-
Lease liabilities		28,995	33,379	5,280	8,672
<b>Total non-current liabilities</b>		<b>17,367,163</b>	<b>17,843,481</b>	<b>2,999,197</b>	<b>3,002,369</b>
<b>Capital, reserves and non-controlling interests</b>					
Share capital	13	5,920,175	5,920,175	5,920,175	5,920,175
Retained earnings		3,902,397	3,682,917	40,061	253,832
Other reserves		57,216	212,468	719,410	460,077
<b>Equity attributable to owners of the Company</b>		<b>9,879,788</b>	<b>9,815,560</b>	<b>6,679,646</b>	<b>6,634,084</b>
Non-controlling interests		5,223,373	4,999,012	-	-
<b>Total equity</b>		<b>15,103,161</b>	<b>14,814,572</b>	<b>6,679,646</b>	<b>6,634,084</b>
<b>Total liabilities and equity</b>		<b>41,620,851</b>	<b>40,545,215</b>	<b>12,884,763</b>	<b>12,013,481</b>

**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 flows (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		Group For 6 Months Ended	
	30.6.23 (Unaudited)	30.6.22 (Unaudited)	30.6.23 (Unaudited)	30.6.22 (Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Operating activities:</b>				
<b>Profit before tax</b>	476,351	367,664	812,376	706,113
Adjustments for:				
Loss (Reversal of loss) allowance for trade receivables, net	1,751	245	2,340	(2,903)
Depreciation of property, plant and equipment	6,378	10,256	16,921	21,115
Amortisation of intangible assets	97,349	76,300	194,723	157,010
Depreciation of right-of-use assets	2,403	3,123	5,123	5,290
Loss on disposal of property, plant and equipment	1	99	12	129
(Gain) Loss on disposal of intangible assets	(3)	9	(3)	9
Finance income	(6,766)	(7,445)	(14,317)	(15,926)
Finance expenses	188,703	171,556	415,742	337,012
Share of results of associates	(760)	(1,890)	(3,660)	(5,720)
Share of results of joint ventures	(11,180)	(531)	(18,728)	(10,694)
Fair value (gain) loss on financial assets at fair value through profit and loss	(516)	(46)	(368)	28
<b>Operating cash flows before working capital changes</b>	753,711	619,340	1,410,161	1,191,463
(Increase) Decrease in:				
Inventories	(21,188)	16,245	(28,533)	(19,416)
Amounts due from/to customers for contract work, net	(14,037)	(25,974)	(8,304)	(25,857)
Trade receivables, other receivables and prepayments	(121,118)	(178,868)	(415,250)	(381,989)
Bills receivables	(1,450)	(1,053)	(3,466)	(1,623)
Amounts due from joint ventures	(325)	(966)	13,190	(966)
Amounts due from associates	(4,164)	4,111	36,155	3,843
Increase (Decrease) in:				
Trade and other payables (inclusive of non-current liabilities)	390,745	105,421	324,172	(13,918)
Bills payable to banks	(3,706)	(15,474)	(14,040)	(35,291)
<b>Cash generated from operating activities before service concession arrangement projects</b>	978,468	522,782	1,314,085	716,246
Change in receivables under service concession arrangements (Note A)	(43,966)	(426,296)	(272,833)	(1,026,263)
<b>Cash generated from (used in) operating activities after service concession arrangement projects</b>	934,502	96,486	1,041,252	(310,017)
Interest received	7,035	9,907	11,452	15,398
Income tax refund	-	1,771	-	1,771
Income tax paid	(59,207)	(42,101)	(122,915)	(119,128)
<b>Net cash generated from (used in) operating activities</b>	882,330	66,063	929,789	(411,976)

1(c) A statement of cash flows (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		Group For 6 Months Ended	
	30.6.23 (Unaudited) RMB'000	30.6.22 (Unaudited) RMB'000	30.6.23 (Unaudited) RMB'000	30.6.22 (Unaudited) RMB'000
<b>Investing activities:</b>				
Purchase of property, plant and equipment	(6,966)	(24,724)	(13,770)	(51,920)
Purchase of intangible assets, net of amount on credit terms	(834,557)	(35,562)	(907,837)	(140,883)
Movement in prepayment for property, plant and equipment and intangible assets, net	(540)	(635)	(45,232)	(35,319)
Proceeds from disposal of property, plant and equipment	151	9	162	92
Proceeds from disposal of intangible assets	3	15	3	15
Additional capital injection in an associate	-	-	-	(27,000)
<b>Net cash used in investing activities</b>	<b>(841,909)</b>	<b>(60,897)</b>	<b>(966,674)</b>	<b>(255,015)</b>
<b>Financing activities:</b>				
Proceeds from bank and other borrowings	1,357,357	1,478,911	2,027,061	2,752,358
Repayment of bank and other borrowings	(1,511,048)	(737,678)	(1,742,051)	(1,233,217)
Interest paid	(153,438)	(167,343)	(403,154)	(401,238)
Principal and interest elements of lease payments	(2,781)	(3,373)	(5,922)	(5,799)
Dividend paid to equity shareholders	(132,902)	(121,379)	(132,902)	(121,379)
Dividend paid to non-controlling interest in subsidiaries	(3,920)	(2,940)	(47,030)	(22,940)
Contribution from non-controlling interests upon additional capital injection in subsidiaries	16,000	135,500	16,000	219,563
Decrease (Increase) in pledged bank deposits	13,308	(132,931)	12,682	(176,673)
<b>Net cash (used in) generated from financing activities</b>	<b>(417,424)</b>	<b>448,767</b>	<b>(275,316)</b>	<b>1,010,675</b>
Net (decrease) increase in cash and cash equivalents	(377,003)	453,933	(312,201)	343,684
Cash and cash equivalents at beginning of period	2,577,555	2,684,293	2,512,625	2,794,951
Effects of exchange rate changes on cash and cash equivalents	4,358	4,883	4,486	4,474
<b>Cash and cash equivalents at end of period</b>	<b>2,204,910</b>	<b>3,143,109</b>	<b>2,204,910</b>	<b>3,143,109</b>

1(c) A statement of cash flows (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		Group For 6 Months Ended	
	30.6.23 (Unaudited)	30.6.22 (Unaudited)	30.6.23 (Unaudited)	30.6.22 (Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cash and cash equivalents at end of period</b>				
Cash and bank balances	2,286,108	3,310,617	2,286,108	3,310,617
Less: Pledged bank deposits	(81,198)	(167,508)	(81,198)	(167,508)
Cash and cash equivalents	2,204,910	3,143,109	2,204,910	3,143,109

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 1HFY2023 and 2QFY2023 respectively.

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
<b>Balance at 1.1.23 (Audited)</b>	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)
<b>Balance at 31.3.23 (Unaudited)</b>	<b>5,920,175</b>	<b>3,814,380</b>	<b>253,511</b>	<b>644,550</b>	<b>-</b>	<b>(180,558)</b>	<b>(10,166)</b>	<b>(200,315)</b>	<b>9,988,066</b>	<b>5,086,980</b>	<b>15,075,046</b>

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
<b>Balance at 1.4.23 (Unaudited)</b>	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
Profit for the period	-	227,320	-	-	-	-	-	-	227,320	124,313	351,633
<u>Other comprehensive loss</u>											
Exchange differences arising on translation	-	-	(184,943)	-	-	(184,943)	-	-	(184,943)	-	(184,943)
Exchange differences arising on translation of foreign operations	-	-	(17,753)	-	-	(17,753)	-	-	(17,753)	-	(17,753)
Other comprehensive loss for the period, net of tax	-	-	(202,696)	-	-	(202,696)	-	-	(202,696)	-	(202,696)
Total comprehensive income for the period	-	227,320	(202,696)	-	-	(202,696)	-	-	24,624	124,313	148,937
<u>Transactions with owners recognised directly in equity</u>											
Transfer to general reserve	-	(6,401)	6,401	6,401	-	-	-	-	-	-	-
Total	-	(6,401)	6,401	6,401	-	-	-	-	-	-	-
<u>Others</u>											
NCI upon proportional capital injection in a subsidiary	-	-	-	-	-	-	-	-	-	16,000	16,000
Dividend declared to NCI	-	-	-	-	-	-	-	-	-	(3,920)	(3,920)
Dividend declared to equity shareholders	-	(132,902)	-	-	-	-	-	-	(132,902)	-	(132,902)
Total	-	(132,902)	-	-	-	-	-	-	(132,902)	12,080	(120,822)
<b>Balance at 30.6.23 (Unaudited)</b>	5,920,175	3,902,397	57,216	650,951	-	(383,254)	(10,166)	(200,315)	9,879,788	5,223,373	15,103,161

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
<b>Balance at 1.1.22 (Audited)</b>	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
<b>Balance at 31.3.22 (Unaudited)</b>	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

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
<b>Balance at 1.4.22 (Unaudited)</b>	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
Profit for the period	-	190,190	-	-	-	-	-	-	190,190	101,747	291,937
<u>Other comprehensive loss</u>											
Exchange differences arising on translation	-	-	(152,603)	-	-	(152,603)	-	-	(152,603)	-	(152,603)
Exchange differences arising on translation of foreign operations	-	-	(4,351)	-	-	(4,351)	-	-	(4,351)	-	(4,351)
Fair value change on investments in equity instruments designated as at FVTOCI	-	-	(1,659)	-	(1,659)	-	-	-	(1,659)	-	(1,659)
Other comprehensive loss for the period, net of tax	-	-	(158,613)	-	(1,659)	(156,954)	-	-	(158,613)	-	(158,613)
Total comprehensive income for the period	-	190,190	(158,613)	-	(1,659)	(156,954)	-	-	31,577	101,747	133,324
<u>Transactions with owners recognised directly in equity</u>											
Transfer to general reserve	-	1,617	(1,617)	(1,617)	-	-	-	-	-	-	-
Total	-	1,617	(1,617)	(1,617)	-	-	-	-	-	-	-
<u>Others</u>											
NCI upon proportional capital injection in a subsidiary	-	-	-	-	-	-	-	-	-	135,500	135,500
Dividend declared to NCI	-	-	-	-	-	-	-	-	-	(2,940)	(2,940)
Dividend declared to equity shareholders	-	(121,379)	-	-	-	-	-	-	(121,379)	-	(121,379)
Total	-	(121,379)	-	-	-	-	-	-	(121,379)	132,560	11,181
<b>Balance at 30.6.22 (Unaudited)</b>	<b>5,920,175</b>	<b>3,426,618</b>	<b>294,266</b>	<b>548,794</b>	<b>(9,671)</b>	<b>(34,376)</b>	<b>(10,166)</b>	<b>(200,315)</b>	<b>9,641,059</b>	<b>4,902,082</b>	<b>14,543,141</b>

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
<b>Balance at 1.1.23 (Audited)</b>	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)
<b>Balance at 31.3.23 (Unaudited)</b>	<b>5,920,175</b>	<b>207,772</b>	<b>473,748</b>	<b>6,601,695</b>
Loss for the period	-	(34,809)	-	(34,809)
<u>Other comprehensive income</u>				
Exchange differences arising on translation, net of tax	-	-	245,662	245,662
Other comprehensive income for the period, net of tax	-	-	245,662	245,662
Total comprehensive income for the period	-	(34,809)	245,662	210,853
<u>Others</u>				
Dividend declared to equity shareholders	-	(132,902)	-	(132,902)
<b>Balance at 30.6.23 (Unaudited)</b>	<b>5,920,175</b>	<b>40,061</b>	<b>719,410</b>	<b>6,679,646</b>

\* Relates to translation reserve.

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	Retained earnings	Other reserves*	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1.1.22 (Audited)</b>	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)
<b>Balance at 31.3.22 (Unaudited)</b>	<b>5,920,175</b>	<b>171,788</b>	<b>(149,221)</b>	<b>5,942,742</b>
Profit for the period	-	28,989	-	28,989
<u>Other comprehensive income</u>				
Exchange differences arising on translation, net of tax	-	-	164,918	164,918
Other comprehensive income for the period, net of tax	-	-	164,918	164,918
Total comprehensive income for the period	-	28,989	164,918	193,907
<u>Others</u>				
Dividend declared to equity shareholders	-	(121,379)	-	(121,379)
<b>Balance at 30.6.22 (Unaudited)</b>	<b>5,920,175</b>	<b>79,398</b>	<b>15,697</b>	<b>6,015,270</b>

\* 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-ST”) and The Stock Exchange of Hong Kong Limited (the “SEHK”). These condensed interim consolidated financial statements as at and for the second quarter and six months ended 30 June 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 six months ended 30 June 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 audited 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 audited 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 30 June 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 audited 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 30 June 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. The 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:

Six Months Ended 30 June 2023 (Unaudited)

All amount in RMB'000	Water and Sludge Treatment	Water Supply	Waste Incineration	Total for Reportable Segments	Others Segment	Unallocated	Consolidated
Revenue	2,354,375	628,543	916,710	3,899,628	119,221	-	4,018,849
Reportable segment profit/(loss) from operations	809,273	93,470	279,620	1,182,363	29,735	(49,331)	1,162,767
Finance income	-	-	-	-	-	14,317	14,317
Finance expenses	-	-	-	-	-	(415,742)	(415,742)
Other non-operating income	5,553	23,086	-	28,639	7	-	28,646
Share of results of associates	964	-	-	964	2,696	-	3,660
Share of results of joint ventures	-	-	18,728	18,728	-	-	18,728
Income tax expense	(105,699)	(26,043)	(56,256)	(187,998)	(5,168)	(25,578)	(218,744)
Profit after tax							593,632
Segment depreciation and amortisation	158,399	52,524	-	210,923	130	5,714	216,767
Segment non-cash income	-	-	-	-	368	-	368
Segment non-cash expenses	-	(2,340)	-	(2,340)	-	-	(2,340)

4. **SEGMENT INFORMATION - cont'd**

**Segment revenue and results – cont'd**

Six Months Ended 30 June 2022 (Unaudited)

<b>All amount in RMB'000</b>	<b>Water and Sludge Treatment</b>	<b>Water Supply</b>	<b>Waste Incineration</b>	<b>Total for Reportable Segments</b>	<b>Others Segment</b>	<b>Unallocated</b>	<b>Consolidated</b>
Revenue	2,022,454	438,800	1,115,432	3,576,686	110,189	-	3,686,875
Reportable segment profit/(loss) from operations	766,664	64,816	185,612	1,017,092	31,925	(63,277)	985,740
Finance income	-	-	-	-	-	15,926	15,926
Finance expenses	-	-	-	-	-	(337,012)	(337,012)
Other non-operating income	14,847	8,410	1,748	25,005	7	33	25,045
Share of results of associates	4,008	-	-	4,008	207	1,505	5,720
Share of results of joint ventures	-	-	10,694	10,694	-	-	10,694
Income tax expense	(71,075)	(18,434)	(44,636)	(134,145)	(4,881)	(19,307)	(158,333)
Profit after tax							547,780
Segment depreciation and amortisation	123,209	52,810	1,678	177,697	138	5,580	183,415
Segment non-cash income	3,695	-	-	3,695	-	-	3,695
Segment non-cash expenses	-	792	-	792	28	-	820

#### 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 30 June 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	28,383,858	4,976,557	6,512,124	39,872,539	567,644	370,781	40,810,964
Interest in joint ventures	-	-	552,939	552,939	-	-	552,939
Interest in associates	91,229	-	-	91,229	109,559	32,977	233,765
Financial assets at fair value through profit or loss	6,506	-	-	6,506	3,277	-	9,783
Financial assets at fair value through other comprehensive income	10,400	-	-	10,400	3,000	-	13,400
Total assets							41,620,851
Segment liabilities	11,005,306	2,130,737	3,768,356	16,904,399	1,228,895	8,384,396	26,517,690
Segment capital expenditure	187,401	99,730	720,566	1,007,697	94	11	1,007,802

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 30 June		6 months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Construction revenue	672,733	655,835	1,287,000	1,267,064
Operating and maintenance income from services concession arrangements	973,995	850,187	1,859,029	1,617,382
Financial income from service concession arrangements	322,874	306,868	642,202	614,070
Service income	48,263	38,852	95,068	78,170
Other revenue	82,252	50,254	135,550	110,189
	<u>2,100,117</u>	<u>1,901,996</u>	<u>4,018,849</u>	<u>3,686,875</u>
Timing of revenue recognition:				
At a point in time	973,995	850,187	1,859,029	1,617,382
Over time	1,126,122	1,051,809	2,159,820	2,069,493
	<u>2,100,117</u>	<u>1,901,996</u>	<u>4,018,849</u>	<u>3,686,875</u>

## 6. TAXATION

	3 months ended 30 June		6 months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current tax:				
Current year	66,447	59,240	134,471	114,942
Under/(Over) provision in respect of prior periods	4,044	(18,099)	4,082	(17,673)
Deferred tax:				
Current year	53,059	34,582	79,023	61,060
Under provision in respect of prior periods	1,168	4	1,168	4
	<u>124,718</u>	<u>75,727</u>	<u>218,744</u>	<u>158,333</u>

The corporate income tax applicable to the Singapore companies of the Group is 17% (six months ended 30 June 2022: 17%).

## 6. TAXATION - cont'd

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 of generating operating income.

## 7. PROFIT FOR THE PERIOD

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

	3 months ended 30 June		6 months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Loss (Reversal of loss) allowance for trade receivables, net	1,751	245	2,340	(2,903)
Depreciation of property, plant and equipment	6,378	10,256	16,921	21,115
Amortisation of intangible assets	97,349	76,300	194,723	157,010
Depreciation of right-of-use assets	2,403	3,123	5,123	5,290
Loss on disposal of property, plant and equipment	1	99	12	129
(Gain) Loss on disposal of intangible assets	(3)	9	(3)	9
Finance income	(6,766)	(7,445)	(14,317)	(15,926)
Finance expenses	188,703	171,556	415,742	337,012
Share of results of associates	(760)	(1,890)	(3,660)	(5,720)
Share of results of joint ventures	(11,180)	(531)	(18,728)	(10,694)
Fair value (gain) loss on financial assets at fair value through profit and loss	(516)	(46)	(368)	28
Foreign exchange (gain) loss, net	(9,346)	16,506	(8,233)	15,650

## 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:

	<b>30 June 2023 RMB'000 (Unaudited)</b>	<b>31 December 2022 RMB'000 (Audited)</b>
Within 30 days	1,007,347	989,081
Within 31 to 60 days	359,058	335,935
Within 61 to 90 days	307,788	286,136
Within 91 to 180 days	569,886	475,927
Within 181 to 365 days	789,109	622,382
Over 365 days	899,427	728,482
	<u>3,932,615</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:

	<b>30 June 2023 RMB'000 (Unaudited)</b>	<b>31 December 2022 RMB'000 (Audited)</b>
Receivables under service concession arrangements:		
Current portion	784,552	733,089
Non-current portion	23,007,875	22,816,306
	<u>23,792,427</u>	<u>23,549,395</u>

Expected collection schedule is analysed as follows:

Within 1 year	784,552	733,089
Within 2 to 5 years	3,315,035	3,198,396
Over 5 years	19,692,840	19,617,910
	<u>23,792,427</u>	<u>23,549,395</u>

## 10. INTANGIBLE ASSETS

During the period, the Group's additions of intangible assets amounted to RMB1,002,878,000 (Six Months ended 30 June 2022: RMB180,697,000).

Certain intangibles with carrying value of RMB1,415,993,000 were pledged to secure the Group's bank borrowings as at 30 June 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:

	<b>30 June 2023 RMB'000 (Unaudited)</b>	<b>31 December 2022 RMB'000 (Audited)</b>
Within 30 days	444,279	1,066,380
Within 31 to 60 days	76,803	123,720
Within 61 to 90 days	710,728	52,847
Within 91 to 180 days	149,876	159,635
Within 181 to 365 days	429,031	140,732
Over 365 days	694,317	699,078
	<u>2,505,034</u>	<u>2,242,392</u>

## 12. BANK AND OTHER BORROWINGS

	<b>30 June 2023 RMB'000 (Unaudited)</b>	<b>31 December 2022 RMB'000 (Audited)</b>
Amount repayable within one year or on demand:		
Secured	1,354,335	780,766
Unsecured	3,455,558	2,991,938
	<u>4,809,893</u>	<u>3,772,704</u>
Amount repayable after one year:		
Secured	8,457,864	9,272,142
Unsecured	6,355,191	6,102,693
	<u>14,813,055</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 RMB'000
<b>Issued and paid up share capital</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
At 1 January 2022, 31 December 2022 and 30 June 2023	2,575,665,726	5,920,175

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.

Neither the Company nor any of its subsidiaries has redeemed, purchased or sold any of the Company's listed securities during the six months ended 30 June 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 paid out on 31 May 2023.

### 15. NET ASSET VALUE AND EARNINGS PER SHARE

	Group		Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	RMB cents (Unaudited)	RMB cents (Audited)	RMB cents (Unaudited)	RMB cents (Audited)
Net asset value per ordinary share	383.58	381.09	259.34	257.57

Net asset value per share is calculated based on the number of shares in issue of 2,575,665,726 as at 30 June 2023 (31 December 2022: 2,575,665,726).

	3 months ended 30 June		6 months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Profit for the period attributable to the Owners of the Company (RMB'000)	227,320	190,190	377,351	366,011
Earnings per share for profit for the period attributable to the owners of the Company during the period:				
-Basic (RMB in cent)	8.83	7.38	14.65	14.21
-Diluted (RMB in cent)	8.83	7.38	14.65	14.21

Basis and diluted earnings per share are calculated based on the weighted average number of shares in issue of 2,575,665,726 (2022: 2,575,665,726) during the period.

## 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
	30 June 2023	31 December 2022	
	RMB'000 (Unaudited)	RMB'000 (Audited)	
<b>Financial assets at FVTOCI</b>			
Unlisted equity security	13,400	13,400	Level 3
<b>Financial assets at FVTPL</b>			
Listed equity security	3,277	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

	30 June 2023		31 December 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
<b>Financial assets</b>				
Receivables under service concession arrangements	17,534,519	18,432,346	17,571,277	17,932,803
<b>Financial liabilities</b>				
Bank and other borrowings (fixed rate)	(4,232,187)	(4,202,820)	(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

Subsequent to the end of the reporting period, the Board has resolved to declare an interim dividend of S\$0.005 per ordinary share be paid to shareholders. This interim dividend has not been included as a liability in this interim financial information. The total estimated interim dividend to be paid is S\$12.88 million (approximately RMB68.98 million).

## 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, subdivision, consolidation, 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 30 June 2023, there were no treasury shares held (31 December 2022: Nil). Total number of issued shares as at 30 June 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 30 June 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.**

There were no sales, transfers, cancellation and/or use of subsidiary holdings during the financial period ended 30 June 2023.

**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 30 June 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 six-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 Note 15 of the Notes to the Condensed Interim Consolidated Financial Statements.

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 RMB3,686.9 million in 1HFY2022 to RMB4,018.8 million in 1HFY2023, representing an increase of 9.0%. Gross profit ("GP") has increased 15.5% from RMB1,244.6 million in 1HFY2022 to RMB1,437.7 million in 1HFY2023.

Meanwhile, the Group's profit for the period amounted to RMB593.6 million, up 8.4% as compared to 1HFY2022. The Group's profit after tax (attributable to owners of the Company) increased from RMB366.0 million in 1HFY2022 to RMB377.4 million in 1HFY2023, representing an increase of 3.1%.

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 RMB672.7 million and RMB1,287.0 million in 2QFY2023 and 1HFY2023 respectively (2QFY2022: RMB655.8 million; 1HFY2022: RMB1,267.1 million). The Group's benchmark water treatment project, Xicen Water Purification Plant Project ("Xicen Project") in Qingpu, Shanghai, together with several other new projects have contributed to the increase in construction revenue.

#### **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 RMB1,296.9 million and RMB2,501.2 million in 2QFY2023 and 1HFY2023 respectively (2QFY2022: RMB1,157.1 million; 1HFY2022: RMB2,231.5 million). The higher revenue was largely attributable to the Group's benchmark solid waste treatment and power generation project, Shanghai Baoshan Renewable Energy Utilization Centre, which commenced operations in the beginning of the year, and also higher volume and average price in water treatment and water supply.

#### **Service Income**

Service income from non-service concession arrangements amounted to RMB48.3 million and RMB95.1 million in 2QFY2023 and 1HFY2023 respectively (2QFY2022: RMB38.9 million; 1HFY2022: RMB78.2 million). The increase in service income was due to a higher average price and new project awarded in Macau S.A.R., China.

#### **Other Revenue**

Other revenue for 2QFY2023 and 1HFY2023 was RMB82.3 million and RMB135.6 million respectively (2QFY2022: RMB50.3 million; 1HFY2022: RMB110.2 million). Other revenue mainly consists of installation works carried out, which were ad-hoc in nature.

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

The Group's GP increased by RMB95.4 million or 14.3% from RMB666.4 million in 2QFY2022 to RMB761.8 million in 2QFY2023. Meanwhile, GP increased by RMB193.1 million or 15.5% from RMB1,244.6 million in 1HFY2022 to RMB1,437.7 million in 1HFY2023. The increase in GP was mainly contributed by the new service concession arrangements.

The rise in wastewater treatment volume and increase in average treatment tariff per tonne, higher GP contributed by the Shanghai Baoshan Renewable Energy Utilization Centre since its commencement of operations in the beginning of the year, and higher finance income derived from the service concession arrangements contributed to the higher GP.

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

### **(B) Gross Profit (“GP”) / Gross Profit Margin (“GPM”) – cont’d**

GPM recorded a slight increase of 1.3% from 35.0% in 2QFY2022 to 36.3% in 2QFY2023, and an increase of 2.0% from 33.8% in 1HFY2022 to 35.8% in 1HFY2023. The increase was mainly due to the higher GP contributed by the Shanghai Baoshan Renewable Energy Utilization Centre since its commencement of operations in the beginning of the FY2023.

### **(C) Other Income**

Other income amounted to RMB27.9 million and RMB58.2 million in 2QFY2023 and 1HFY2023 respectively (2QFY2022: RMB29.5 million; 1HFY2022: RMB60.8 million). The decrease in 2QFY2023 and 1HFY2023 as compared to 2QFY2022 and 1HFY2022 was mainly due to the reduction in volume of ad-hoc work.

### **(D) Other Gains and Losses**

Other gains and losses: This shifted from a loss of RMB14.4 million in 2QFY2022 and a loss of RMB17.3 million in 1HFY2022, to a gain of RMB11.5 million in 2QFY2023 and a gain of RMB10.7 million in 1HFY2023. The changes were mainly due to the unrealised foreign exchange gain recorded in 1HFY2023.

### **(E) Selling and Distribution Costs**

Selling and distribution costs increased slightly from RMB19.8 million in 2QFY2022 to RMB19.9 million in 2QFY2023 and decreased slightly from RMB39.0 million in 1HFY2022 to RMB37.9 million in 1HFY2023. The selling and distribution costs were relatively stable in both comparative periods.

### **(F) Administrative Expenses**

Administrative expenses increased 2.6% from RMB124.9 million in 2QFY2022 to RMB128.2 million in 2QFY2023. A similar trend was observed in the first half of the year, with administrative expenses increasing 18.2% from RMB222.4 million in 1HFY2022 to RMB263.0 million in 1HFY2023. The increase in administrative expenses was mainly caused by the increase in manpower costs which is in line with the growth in overall revenue and water treatment volume, and administrative expenses for the newly acquired subsidiaries since the end of FY2022.

### **(G) Finance Expenses**

Finance expenses amounted to RMB188.7 million and RMB415.7 million in 2QFY2023 and 1HFY2023 respectively (2QFY2022: RMB171.6 million; 1HFY2022: RMB337.0 million). The increase in 2QFY2023 and 1HFY2023 as compared to the corresponding preceding period was 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 hikes in certain markets outside of Mainland China also increased the finance expenses of the floating rate borrowings.

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

### **(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 the joint ventures and associates.

The share of results of joint ventures in 2QFY2023 and 1HFY2023 had increased as compared to 2QFY2022 and 1HFY2022 due to the resumption of operations to pre-Covid levels as the joint ventures had been temporarily affected by the latest wave of Covid epidemic in Mainland China in the prior financial periods.

The share of results of associates in 2QFY2023 and 1HFY2023 decreased as compared to 2QFY2022 and 1HFY2022 due to lower contribution from associates.

### **(I) Income Tax Expenses**

Income tax expenses amounted to RMB124.7 million and RMB218.7 million in 2QFY2023 and 1HFY2023 respectively (2QFY2022: RMB75.7 million; 1HFY2022: RMB158.3 million). The increase in income tax expenses was in line with the increase in profit generated in 2QFY2023 and 1HFY2023 as compared to 2QFY2022 and 1HFY2022, respectively.

## **STATEMENTS OF FINANCIAL POSITION**

### **(J) Current Assets**

Current assets as at 30 June 2023 amounted to RMB8.54 billion (31 December 2022: RMB8.33 billion). The increase in current assets was mainly due to the increase in trade receivables balance contributed by higher revenue, and slightly offset by the decrease in cash and cash equivalents.

### **(K) Non-current Assets**

Non-current assets as at 30 June 2023 amounted to RMB33.08 billion (31 December 2022: RMB32.22 billion). The increase in non-current assets was mainly due to the increase in intangible assets and receivables arising from the construction activities under the service concession arrangements.

### **(L) Current Liabilities**

Current liabilities as at 30 June 2023 amounted to RMB9.15 billion (31 December 2022: RMB7.89 billion). The increase was mainly due to the bank and other borrowings, and trade and other payables related to the operating activities for revenue.

### **(M) Non-current Liabilities**

Non-current liabilities as at 30 June 2023 amounted to RMB17.37 billion (31 December 2022: RMB17.84 billion). The decrease was mainly due to repayment of long-term borrowings in 1HFY2023.

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

**STATEMENT OF CASH FLOWS**

As at 30 June 2023, the Group's cash and cash equivalents stood at RMB2.20 billion (31 December 2022: RMB2.51 billion). In 1HFY2023, net cash of RMB929.8 million was generated from the Group's operating activities, a significant amount 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 1HFY2023 was RMB1,202.6 million.

Net cash used in the Group's investing activities of RMB966.7 million in 1HFY2023 was mainly due to net cash outflow from purchase of property, plant and equipments, and intangibles assets.

Net cash used in the Group's financing activities of RMB275.3 million in 1HFY2023 was mainly due to the repayment of borrowings, interest and dividends paid, which were offset by the net proceeds from bank and other borrowings during the period.

**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.**

In the first half of 2023, under the complex and severe external environment, the economy of the People's Republic of China ("China") rebounded and trended positive, demonstrating resilience in development. The central government firmly pressed ahead with "carbon peak" and "carbon neutrality" development goals. In July this year, Chinese President Xi Jinping attended the National Conference on Ecological and Environmental Protection, emphasized the need to firmly establish and practice the concept of "clear waters and green mountains are as valuable as mountains of gold and silver", promote the construction of a beautiful China to achieve significant results, support high-quality development with a high-quality ecological environment, and accelerate the realization of modernization in which human beings coexist harmoniously with nature. The Group actively responded to those national strategies and policies, firmly seized development opportunities sprouting in the green industry and continued to deepen strategic deployment in the Yangtze River Economic Belt and the Guangdong-Hong Kong-Macao Greater Bay Area, and fostered stable development of its various businesses.

On the water policy front, in April and May, the Central Committee of the Communist Party of China, the State Council and the Ministry of Ecology and Environment issued the "Guideline on National Water Network Construction (國家水網建設規劃綱要)" and the "Water Ecological Environment Protection Planning for Key River Basins (重點流域水生生態環境保護規劃)", raising the need to rid shortcomings and weaknesses in such areas as urban and rural water supply and intelligent water network, improve the urban water supply network layout, and stating clearly the task of continuing to enhance the quality of the water environment in the Yangtze River Basin, eliminating all Inferior Type V water bodies. The introduction of the industry into a high-volume development phase will bring more opportunities for the development of the Group's sewage treatment business. The Group focuses on the Yangtze River Economic Belt and actively increases the layout of the Guangdong-Hong Kong-Macao Greater Bay Area. Following the direction of national policies, the Shanghai Qingpu Xicen Water Purification Plant ("Xicen Project") under construction adopts an all-underground design and implements the surface quasi-Class III water effluent standard, striving to set a national benchmark for similar sewage plants, and is expected to markedly improve the local water environment upon completion. Moreover, the Group took over operation and management of the Macau Taipa WWTP project and Macau International Airport WWTP project in the first half of the year. The projects effectively improved the local water environment.

**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.**

Regarding digitalization of water supply operation, in April, the Shanghai Water Authority issued a Notice on the "Three-year Action Plan for the High-quality Development and Technological Innovation of Water and Ocean in Shanghai (2023-2025) (上海市水務海洋高質量發展科技創新三年行動計劃 (2023-2025年))", indicating that it will implement digital transformation, that is through digitalization to modernize water system management, as well as support the application of intelligent technologies such as 5G+AI in intelligent water supply and drainage management. The Group will step up digitalization and sustainable development, strengthen technologies and digital empowerment, and conduct in-depth research on practical applications of digital technologies in wastewater treatment, water supply, solid waste incineration and sludge treatment. It will also actively drive the construction and promotion of digital platforms to further bolster the Group's production and operational efficiency. In addition, it will put ESG concepts into practice, incorporate the United Nations Sustainable Development Goals ("SDGs") into its ESG principles and development plans, plus explore renewable energy applications. The Group will continue to optimize ESG performance with equipment and technology iterations and stay on the track of high-quality sustainable development.

As for solid waste treatment, in May, the Shanghai Municipal Bureau of Ecology and Environment issued the "Implementation Plan for Winning the Battle for Protection and Restoration of Yangtze River in Shanghai (2023-2025) (上海市深入打好長江保護修復攻堅戰實施方案 (2023-2025年))" which requires 100% harmless treatment of household waste, and household waste recycling and utilization rates to be above 45% in the city by 2025. That opens up the development outlook for the Group's solid waste treatment projects. In the second quarter, the Group's key solid waste treatment project – Shanghai Baoshan Renewable Energy Utilization Center ("Baoshan Project"), which had two sets of wet waste biogas generating units connected to the grid generating power. As Shanghai's first waste disposal project that treats solid waste and wet waste in a combined way and a benchmark solid waste treatment project in the Yangtze River Delta, the Baoshan Project has daily capacity reaching 3,800 tonnes. When in full operation, it will be able to effectively solve waste disposal issues in the area it serves, playing a key role in raising harmless waste treatment and resources utilization rates in Shanghai.

In the future, the Group will continue to seize opportunities created by national strategies and policies, deeply implement ESG development concepts, uphold the harmonious coexistence of man and nature, improve environmental governance, and participate in the construction of a beautiful China. Furthermore, the Group will explore high-quality new projects and business M&A opportunities as well as step up effort to expand business in the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Economic Belt, so as to enlarge market share. The Group will also capitalize on technological innovation to drive steady and high-quality development of its businesses, and consolidate its leadership in China's water and environmental protection industries.

## 11. Dividend

**If a decision regarding dividend has been made:**

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

An interim dividend for FY2023 is declared.

**(b) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

The following interim dividend is declared:

Name of Dividend:	Ordinary cash dividend
Dividend Type:	Interim
Dividend Rate:	S\$0.005 per ordinary share
Tax Rate:	One-tier tax exempt

The applicable exchange rate for converting Singapore dollars (“S\$”) into Hong Kong dollars (“HK\$”) for the purpose of dividend payment in HK\$ is made at the rate of S\$1.00 to HK\$5.79374, which was the exchange rate quoted by Monetary Authority of Singapore on 11 August 2023.

**Corresponding Period of the Immediately Preceding Financial Year**

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

Yes. There was an interim dividend declared for the corresponding period of the immediately preceding financial year.

**(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).**

One-tier tax exempt.

**(d) The date the dividend is payable.**

The interim dividend would be payable on 28 September 2023 to shareholders registered in the Share Transfer Books and Register of Members of the Company in Singapore as at 5.00 p.m. on 1 September 2023 and shareholders registered in the Share Transfer Books and Register of Members of the Company in Hong Kong as at 4:30 p.m. on 1 September 2023.

**11. Dividend – cont'd.**

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

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 1 September 2023 for the purpose of determining the entitlements of the Company's shareholders to the interim dividend.

Duly completed registrable transfers received by the Company's share registrar in Singapore, In.Corp Corporate Services Pte. Ltd. (formerly known as RHT Corporate Advisory Pte. Ltd.), 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, no later than 5.00 p.m. on 1 September 2023 will be registered before entitlements to the interim dividend are determined.

Duly completed registrable transfers received by the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 1 September 2023 will be registered before entitlements to the interim dividend are determined.

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

Not applicable.

**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 30 June 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**

11 August 2023