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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 RMB3.324 Billion in 1HFY2024 Net Profit Attributable to Shareholders Reaches RMB321 Million

- 1HFY2024 revenue decreased by 17.3% year-on-year (YOY) to RMB3.324 billion. Construction revenue (including interest income during the construction period) decreased by 59.9% YOY to RMB568 million, while operation revenue (including interest income during the operation period) increased by 5.9% year-on-year to RMB 2.755 billion;
- 1HFY2024 gross profit margin increased by 2.6 % to 38.4% from 35.8% in the same period in 2023;
- 1HFY2024 finance expenses decreased by RMB16 million, or 3.8% compared with the same period in 2023;
- 1HFY2024 net profit margin increased by 0.5% to 15.3% from 14.8% for the same period in 2023;
- 1HFY2024 net profit attributable to shareholders amounted to RMB321 million, a YOY decrease of 14.8%, but accounted for 53.1% of net profit attributable to shareholders of RMB604 million in FY2023.

Financial Highlights

RMB ('000)	First half of FY2024	First half of FY2023	Change
Revenue	3,323,515	4,018,849	- 17.3%

Gross Profit Margin	38.4%	35.8%	2.6 pp*
Net Profit	508,217	593,632	-14.4%
Net profit margin	15.3%	14.8%	0.5 pp*
Net Profit Attributable to Shareholders	321,446	377,351	-14.8%
Earnings Per Share (EPS) (RMB cents)	12.48	14.65	-14.8%

*pp: percentage point(s)

Singapore and Hong Kong, 8 August 2024 – SIIC Environment Holdings Ltd. ("SIIC Environment" or the "Company", together with its subsidiaries, the "Group"), a leading water treatment and environmental protection company in China, today announced its results for the six months ended 30 June 2024 (the "**1HFY2024**" or the "**Reporting Period**"). The Group's total revenue decreased by 17.3% YOY to RMB3.324 billion, and net profit attributable to shareholders slid by 14.8% YOY to RMB321 million.

The decline in revenue and net profit of the Group in 1HFY2024 was principally due to the completion of construction of the Shanghai Baoshan Renewable Energy Utilization Center ("**Baoshan Project**") in 2023, while the main construction work of key new projects not yet fully commence until the second half of 2024, resulting in a 59.9% YOY drop in construction revenue (including interest income during the construction period) to RMB568 million. The reduction in construction revenue also led to a RMB75 million decline in net profit attributable to shareholders during the reporting period.

The Group's operation revenue (including interest income during the operation period) has, however, continued to grow steadily during the reporting period, rising by 5.9% YOY to RMB 2.755 billion. The growth was primarily due to the higher volume and average price of water treatment and water supply during the reporting period. The Group's gross profit margin in 1HFY2024 increased by 2.6 % YOY to 38.4%, mainly due to the lower proportion of construction revenue, which typically has a lower gross profit margin, and a lower unit cost due to higher volume and higher average price in water treatment and water supply.

In terms of financing, the Group has substantially completed the adjustment of its financing structure outside China in the first half of the year. The Group replaced its floating non-RMB bank

loans carrying high interest rates with low-cost RMB fixed-rate bank loans to reduce finance expenses, control interest rate risks and optimize financing structure. Finance expenses in 1HFY2024 totaled RMB400 million, a decrease of RMB16 million, or 3.8% from RMB416 million for the same period in 2023. The average interest rate on bank loans outside China fell by 1.8 % to 3.3% from 5.1% at the beginning of the year. Total bank loans due within one year decreased by RMB637 million, or 11.1% when compared with the beginning of the year. Net working capital totaled RMB1.2 billion at the end of the period, while net working capital was -RMB990 million at the beginning of the year. The capital structure has been significantly improved during the period.

The Group actively promoted its business development during the reporting period and achieved progress in three projects in Hubei Province, Shandong Province and Guangxi Zhuang Autonomous Region in China. The projects have a total capacity of 285,000 tonnes per day. The new projects include the Weifang City Weicheng District WWTP O&M Project (“**Weicheng Project**”), Beihai Daguansha WWTP O&M Project 2nd Phase (“**Beihai Project 2nd Phase**”) and Hanxi WWTP Project 3rd Phase (“**Hanxi Project 3rd Phase**”), with designed capacity of 50,000 tonnes per day, 35,000 tonnes per day and 200,000 tonnes per day, respectively. In addition, Hegang City WWTP Project (West Plant Expansion 2nd Phase) (“**Hegang West Plant Expansion Project 2nd Phase**”) was completed and has commenced commercial operation with retrospective effect to 30 June 2023. The project has a designed capacity of 30,000 tonnes per day.

In 1HFY2024, the Group's wastewater treatment volume increased by 3.1% YOY to 1277.671 million tonnes and the water supply volume increased by 4.7% YOY to 163.068 million tonnes. In terms of treatment tariffs, the average wastewater treatment tariff increased to RMB1.88 per tonne during the reporting period, up by 4.4% YOY from RMB1.80 per tonne for the same period last year, while the average water supply tariff has remained relatively stable.

Prospects

China continued to promote the construction of a Beautiful China, actively and steadily sought to peak carbon dioxide emissions and achieve carbon neutrality, and continuously introduced favorable policies for the green industry. The third plenary session of the 20th Central Committee of the Communist Party of China proposed to improve the ecological conservation systems, make concerted efforts to cut carbon emissions, reduce pollution, pursue green development and boost economic growth, and move faster to improve the systems and mechanisms for applying the principle of “lucid waters and lush mountains are invaluable assets”. At the same time, the third

plenary session of the 20th Central Committee of the Communist Party of China required that pricing reforms are to continue in sectors such as water, energy, and transportation, and so will improvement of the tiered pricing mechanisms for household consumption of water, electricity and natural gas to help promote high-quality development of the wastewater and water supply industries. The Group will firmly grasp development opportunities brought by relevant policies in favor of the industry, and steadily promoted the construction, upgrading and reconstruction of existing projects, while keeping an eye on high-quality new project opportunities. At present, the Group's "One Mountain and One River" benchmark projects have made positive progress. The benchmark solid waste treatment project, Baoshan Project, has been successfully put into operation, and the construction of the key sewage treatment project, Qingpu Xicen Water Purification Plant ("**Xicen Project**"), has also reached a key milestone as scheduled. Looking ahead, the Group will continue to optimize its business layout, expand its market share, and consolidate its leadership in China's water and environmental protection industries.

On the water policy front, in April, the Shanghai Municipal Bureau of Ecology and Environment and other departments issued the "Guiding Opinions on Further Promoting Domestic Wastewater Treatment in Rural Areas" (《關於進一步推進農村生活污水治理的指導意見》), proposing to strengthen the supervision and management of the effectiveness of domestic wastewater treatment (management and control) in rural areas. These policies will bring substantial development opportunities to the wastewater treatment industry and facilitate the Group's high-quality development. In May, the Ministry of Finance and the Ministry of Housing and Urban-Rural Development issued the "Notice on Carrying out Urban Renewal Demonstration Work" (《關於開展城市更新示範工作的通知》), according to which the central government's subsidy funds will be used to mainly support the renewal and reconstruction of urban underground pipe networks and the "plant-pipe network integration" construction and reconstruction of wastewater pipe networks. In June, the General Office of the National Development and Reform Commission and the General Office of the Ministry of Housing and Urban-Rural Development issued the "Notice on the Selection of Low-Carbon Benchmark Sewage Treatment Plants" (《關於開展污水處理綠色低碳標杆廠遴選工作的通知》). According to the Notice, by the end of 2025, 100 exemplary low-carbon sewage treatment plants with efficient recycling of energy resources will be established through the method of "selecting a group of exemplary plants, and renovating or expanding the remaining plants", which aims to form replicable experience and synergize sewage treatment and carbon emission control in the sewage treatment sector. Responding to national policies and keeping pace with the times, the Group will unswervingly follow the path of green development,

continue to explore low-carbon technologies, and gradually reduce carbon dioxide emissions from sewage treatment projects to help achieve carbon dioxide peaking and carbon neutrality.

As for the digitalization of water affairs, in May, four departments, including the National Development and Reform Commission, issued the "Guiding Opinions on Deepening the Development of Smart Cities and Promoting the Comprehensive Digital Transformation of the City" (《關於深化智慧城市發展 推進城市全域數字化轉型的指導意見》), proposing the construction and improvement of digital infrastructure and accelerating the digital transformation and smart operation of public facilities such as water resources. It aims to achieve significant results in the comprehensive digital transformation of all cities across the country by 2027, and make a comprehensive breakthrough in this regard by 2030. The Group will continue to actively promote the digitalization of water affairs in the future, so as to realize synergies in water management, efficient use of water resources and easy access to water services, and achieve cost reduction and efficiency improvement while ensuring compliant and stable water discharge.

In terms of green financing, the Ministry of Water Resources and the Bank of China jointly issued the "Guiding Opinions on Financial Support for High-Quality Development of Water-Saving Industries" (《關於金融支持節水產業高質量發展的指導意見》) in April, which focuses on supporting the water-saving industry. By fully grasping the characteristics of the project, the national industry-financial cooperation platform will be used to meet financing needs precisely. Enhanced credit offers will be provided to strengthen green financial services. Favorable green finance policies provide more financial support for the Group's project development, which will help optimize the Group's financing channel and structure, reduce financing costs, and improve the Group's resource allocation.

Mr. Ji Guanglin, Chief Executive Officer of the Group, said, "In the future, the Group will seize opportunities brought by national policies and in the market, focus on its main businesses of water treatment and recycling of water resources, step up expanding market and pursuing M&A, optimize lean operations, strengthen technological innovation, promote digital and intelligent empowerment, so as to drive its high-quality sustainable development. At the same time, it will continue to give full play to the advantages of its dual-listing in Singapore and Hong Kong and its outstanding technical service capabilities, actively develop business in "Belt and Road" countries in Southeast Asia, thereby contribute to building a Beautiful China and global environmental protection."

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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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By Order of the Board
SIIC Environment Holdings Ltd.
Mr. Ji Guanglin
Executive Director

Singapore and Hong Kong, 8 August 2024

As at the date of this announcement, the Chairman and Executive Director is Mr. Zhou Yuding; the executive Directors are Mr. Ji Guanglin, Mr. Wang Xiwang and Mr. Yang Xing; and the independent non-executive Directors are Ms. Kimmis Pun Kim Ming, Mr. An Hongjun and Mr. Zhong Ming.

** For identification purpose only*