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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)

RESPONSES TO QUESTIONS RECEIVED FROM SHAREHOLDERS FOR THE 29 APRIL 2022 ANNUAL GENERAL MEETING

The Board of Directors of SIIC ENVIRONMENT HOLDINGS LTD. (“**SIIC Environment**” or the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the publishing of its annual general meeting-related documents on the SGXNET and SEHK on 24 March 2022 and 1 April 2022. As of 10.00 a.m. on 15 April 2022, the Company has received the following questions from shareholders. The Company wishes to provide its responses as below:

Question 1:

While the Company’s results have grown steadily since after listing, its share price has been barely passable and could not reflect its value. Will the Company take any measures to boost investor confidence?

Response to Question 1:

Deeply appreciate our shareholders for their long-term investment in the Company. The stock price of the company is determined by the market. In addition to the impact on the performance of the company, it would also take into account the changes in macro, micro, industry, capital demand and supply, technical factors and market sentiment etc.

The Company has always been adhering to the purpose of creating value and delivering higher and longer-term investment returns to our shareholders, putting our best efforts to produce outstanding results. Furthermore, while Company continues to achieve good performance, the board of directors will carefully balance the business development capital requirement and shareholders' expectations towards dividends, so as to provide better returns for shareholders. In order to increase shareholder returns, the Company paid an interim dividend in 2018 and 2021 on top of the yearly final dividend paid. Meanwhile, Company repurchased some of its shares on the SGX and HKEX in 2021, which effectively boosted the share price and enhanced shareholders’ value.

The Company will continue to strive for better results and enhance value to deliver greater returns to our shareholders.

Question 2:

The Company's wastewater treatment price is going up faster than the industry average, what are its advantages over its peers? Also, based on the "Measures for Administration of Prices of Water Supply in Urban and Rural Areas" launched last year, and with costs increasing, how does the Company's price adjustment mechanism work?

Response to Question 2:

The wastewater treatment price is determined according to the service concession agreements signed with the government. The price varies according to the location, water quality requirement, technology applied, capacity scale, service concession period, local operating cost and other factors. SIIC Environment is an active investor and operator in the environmental protection industry. Currently, it boasts an overall portfolio of approximate 250 wastewater treatment and water supply projects across 19 municipalities and provinces in China and has more than 15 years of operating history in China with a stable and rich experienced team. Furthermore, the investment return of project opportunities has always been our key assessment criteria.

Regarding the price adjustment mechanism, we will conduct it according to the service concession agreement, which usually includes a periodic review of operating costs. Based on the review, we will submit the adjustment application to the government, and they will review based on the actual situation and finalise it according to the procedures stipulated by laws and regulations.

Question 3:

Regarding the water tariff adjustment mechanism, is there room for a fee increase in regions where the Company's wastewater treatment fees are relatively low?

Response to Question 3:

As mentioned in Question 2 above, the price adjustment mechanism is based on the service concession agreement signed between Company and the government and finalised according to the procedures stipulated by laws and regulations.

Question 4:

Will the Company raise its dividend payout ratio? Is there a consistent dividend policy? Also, how about repurchasing shares?

Response to Question 4:

The company's dividend payout ratio is determined according to the company's profitability, cash flow and capital requirement for business development. The board of directors will carefully balance the Company's capital requirement and shareholders' expectations towards dividends. We shall increase the returns to our shareholders according to the Company's profitability and also consider repurchasing shares according to the shareholder mandate and the actual market situation to enhance shareholders' value.

Question 5:

The waste incineration business of the Company has grown rapidly. What has the Company done to achieve that? What progress has been made with relevant projects? By how much would they help improve the Company's performance when they are completed? What are the benefits to the Company which will not be operating those projects?

Response to Question 5:

The Group's Baoshan Renewable Energy Utilization Center Project in Shanghai, expected to commence operation in 2022, is set to become a benchmark solid waste treatment and power generation project in the Yangtze River Delta region. Armed with world-class processing technology, equipment and facilities, and designed with a production capacity of 3,800 tonnes per day, the project is expected to generate 800 million kWh of electricity per year. Upon completion of the project, the solid waste treatment capacity will be twofold, which is expected to bring a fresh impetus to the performance and significantly increase the company's results in the waste incineration segment.

Question 6:

Currently, the Company's wastewater treatment plants are using about 85% of their total capacity. With the existing mechanism, is the Company able to increase capacity utilisation rate, and correspondingly overall wastewater treatment volume?

Response to Question 6:

Management has committed to improving the capacity utilisation rate, optimising operational efficiency and reducing wastewater treatment operating costs, to boost the performance of the company. In FY2021, the Group's wastewater treatment volume rose by 0.98% YOY to 2.433 billion tonnes, which reflected the improvement in the capacity utilisation rate of our wastewater treatment plants.

Question 7:

Will the Company ever consider lowering the leverage ratio? Is there an adequate ratio in place at the company?

Response to Question 7:

According to the Company's business development strategy, Management has committed to continuous growth and always maintains a relatively reasonable and healthy ratio.

Question 8:

What impact does the recent Covid-triggered lockdown in Shanghai has on the Company's business? What will be the challenges and risks for you?

Response to Question 8:

Since the outbreak occurred, the Company instantly established a disease prevention and control command centre, together with business units and project companies established multi-level disease prevention and control mechanism. These actions aimed to control and guarantee all projects' operation remains normal and steady in order to provide citizens with safe water supply and ensure the output wastewater fulfils the required standards.

Based on the available information to date, the outbreak is not expected to cause any material impact on the FY2022 result of the Group. The Group will also continue to monitor the ongoing situation and assess the impact of the outbreak on the Group's operations. In response to the COVID 19, we have equipped our employees with protective equipments such as masks, sanitizer, protective clothing and goggles. Through reasonable deployment of operating personnel, closed production and operation management, we have effectively reduced risk and maintained the stability of our operations.

The recent government's corresponding control over the situation in Shanghai city has had an insignificant impact on the business of the company. The impact may be the delay of the construction project schedule, the rise in raw material costs and the cost of epidemic prevention and control. Once the restriction is lifted, the Company will coordinate with relevant departments with our best efforts to minimise the impact on the Company.

Question 9:

For the capacity addition, the full-year capacity target of 1 million tonnes per day was not met in 2021, and it indicated fewer projects opportunity in the sewage treatment market. What is the Company's production capacity target this year? Are you confident of achieving it?

Response to Question 9:

The Company has always adhered to the development model of integrating industry and finance, promoting the steady growth and development of the Company. In the context of increasingly fierce competition in the industry, on top of upgrading and expanding its existing projects, Company would have to proactively seek high-quality investment or merge and acquisition opportunities in the market to further increase Company's treatment capacity. At the same time, the Company also focus on improving the level of operation management and environmental protection technology, integration of light-assets and heavy-assets, combination of soft and hard business models, in order to promote the Company's expansion and high-quality development, so as to continuously enhance shareholders' value.

Question 10:

Last year the Company issued two batches of Panda Bonds of total worth RMB3 billion. Will it take advantage of the low interest rate environment this year to issue bonds and further optimise debt structure?

Response to Question 10:

Depending on the market interest rate and the actual funding needs, the Company will consider issuing Panda Bond in tranches, to further reduce costs of capital and optimise debt structure. The Company will continue to explore various feasible and diversified financing channels to reduce its financing costs in order to optimise the financial structure and increase shareholders' value.

By Order of the Board
SIIC ENVIRONMENT HOLDINGS LTD.
Mr. Yang Jianwei
Executive Director

Hong Kong and Singapore, 22 April 2022

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. Zhao Youmin; and the Independent Non-Executive Directors are Mr. Yeo Guat Kwang, Mr. An Hongjun and Mr. Zhong Ming.

** For identification purpose only*