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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 30 APRIL 2021 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 25 March 2021. As of 10.00 a.m. on 23 April 2021, the Company has received the following questions from shareholders. The Company wishes to provide its responses as below:

Question 1:

Net Asset Value (NAV) (per share) of the Company stand at RMB 3.43 or around SGD 0.70. However, the stock is currently trading at about SGD 0.20. What explains the difference between the NAV and the share price? Is there a relationship between the gearing ratio or lacking business understanding of the Company from the investor?

Response to Question 1:

The ratio of stock price and NAV (or the price-to-book ratio) is only one of the indicators for measuring the share price of Company. The share price is affected by many market factors. In fact, the price-to-book ratio of the Company is within the industry range. The Company believes that the current share price does not reflect the actual value of the Company. Therefore, the Company has also proactively carried out share buybacks in the market recently to create value for shareholders and demonstrate the Company’s confidence in its future development.

The Board of Directors and the management have been committed to control and improve the leverage ratio of the Company. The current leverage ratio is also at the average level of the industry comparable companies and will maintain a reasonable and healthy ratio according to the business development needs and risk control of the Group.

During the COVID-19 situation (the “**pandemic**”), communication between the Company and investors has been restricted. However, as the pandemic is under control, the Company will strengthen its communication with investors in a different aspect to improve the understanding of our business and strategic development.

Question 2:

Is the Company considering inorganic growth in addition to organic growth to boost the valuation of stock?

Response to Question 2:

The Company adheres to the development model of integrating industry and finance to promote the growth of the performance. While upgrading and expanding the existing projects, the Company also seeks investment and merger and acquisition opportunities for high-quality projects in the market. At the same time, the Company is also actively deploying in the field of environmental protection technology and increase the proportion of asset-light business model in order to promote the Company’s high-quality development, thereby enhancing shareholder value.

Question 3:

The secondary listing in Hong Kong has had no impact on the valuation. Is the Company considering a mainland China listing to increase its valuation?

Response to Question 3:

Hong Kong’s secondary listing has expanded the investor coverage in different capital markets, financing channels and enhanced brand awareness. In November 2020, the Company received approval from the China Securities Regulatory Commission to issue corporate bonds up to RMB 10billion (the “**Panda Bond**”). In March 2021, the Company successfully issued the first batch of the Panda Bond of RMB 1.5billion which has been listed on the Shanghai Stock Exchange. This is an important milestone achieved by the Company in the capital market of mainland China which further expands its market influence.

Question 4:

The Company receives little attention from the analyst. Any intention of beefing things up in order to raise recognition on the accomplishments of the Company?

Response to Question 4:

The Company has always focused on communication with analysts and investors regularly. When the pandemic is fully under control, the Company will further strengthen its relationship with diversified communication channels including roadshows and site visits to the Company’s operating projects to attract the attention of the public.

Question 5:

Could the Board of Directors and management provide shareholders with an update on the current status of the Company, including the challenges and risks posed by the ongoing COVID-19 pandemic?

Response to Question 5:

The Company's business has been in rapid growth. The pandemic has brought challenges to the Company's operations in the first half of 2020, such as business slowdown, delays in the construction progress of some projects, and a slight decrease in operating income and profits. With the effective control of the pandemic in Mainland China in the second half of 2020, the business quickly recovered, making up for the decline in the first half of 2020 and subsequently showing accelerated growth. The current pandemic situation has no impact on the Company's business.

Question 6:

Does the Company's ability to receive payments from its clients, who are local governments, suffer as a result of the rise in local government debt in China? How does the business deal with non-payment, if it occurs? What are the terms of payment?

Response to Question 6:

The Company is mainly engaged in wastewater treatment, water supply and solid waste incineration projects, which belong to the basic needs of the national economy and livelihood which has always been a priority industry that is supported by the local government. The Central People's Government has enacted numerous policies to support the development of the environmental protection industry. Therefore, the management believes that the increase in debt of some local governments will not have much impact on the Company. Moreover, the Company has always maintained good relations with local governments. Different local governments have different payment terms for different business, up to 180 days.

Question 7:

Should we expect the company's strong results to continue this year when it comes to turning over associates to profitability?

Response to Question 7:

The Company is committed to strengthening the management and performances of the operating companies (including associates) within the Group. The Company will continue to enhance management to deliver good performance.

Question 8:

SIIC has recently issued bonds on the Shanghai Stock Exchange. Is the Company planning to issue more bonds in this current low-interest environment? If that's the case, what would be the target size of the bond, the percentage of loans are based on bank borrowings and which ones are based on the debt market?

Response to Question 8:

Depending on the market interest rate, the Company will determine the opportunity to issue Panda Bond. According to the approval by the China Securities Regulatory Commission in November 2020 for which the total issuance of the Company's Panda Bond within 2 years shall not exceed RMB 10 billion. As of 31 December 2020, bank loans accounted for 80.8% of the company's total loans. The Company will continue to explore various feasible and diversified financing channels to reduce its financing costs and increase shareholder value.

Question 9:

Provide the next five years plan of the Company and which of the sectors will be the priority of Company? Would solid waste incineration project take precedence?

Response to Question 9:

As the Company's five years' plan has been continuously improved, the wastewater projects have always been the core business. At the same time, the Company is also actively and continuously exploring and looking out for high-quality and profitable water treatment and solid waste incineration projects.

Question 10:

Will the Company consider expanding outside of China in order to reduce geographic risk?

Response to Question 10:

The Company has been actively seeking to expand overseas high-quality projects in responding to the "Belt and Road Initiative". The Group currently has more than 200 projects across 19 provinces and cities in Mainland China which has hedged the possible geographic risk.

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

Hong Kong and Singapore, 28 April 2021

As at the date of this announcement, the non-executive Chairman is Mr. Zhou Jun; the executive Directors are Mr. Yang Jianwei, Mr. Feng Jun, 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*