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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)

FURTHER ANNOUNCEMENT ON DISCLOSEABLE TRANSACTION ACQUISITION OF 100% EQUITY INTEREST IN THE TARGET COMPANY

Reference is made to the announcement of the Company dated 3 November 2022 in relation to the acquisition of 100% equity interest in the Target Company (the "**Announcement**"). Unless stated otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, given the valuation of the Target Group was based on the income approach using the discounted cash flows method, the valuation constitutes a profit forecast solely under Rule 14.61 of the Hong Kong Listing Rules. In accordance with the requirements under Rules 14.60A and 14.62 of the Hong Kong Listing Rules, the details of the principal assumptions upon which the valuation was based are as follows:

I. BASIC ASSUMPTIONS

(a) Transaction assumption

It is assumed that all assets to be evaluated are in the process of transaction, and the asset valuer makes estimation in a simulated market according to the transaction conditions of assets to be evaluated. The transaction assumption is the most fundamental assumption for the implementation of asset valuation.

(b) Open market assumption

An open market assumption is an assumption about the market conditions into which an asset is intended to enter and the effects of such market conditions on the asset. An open market is a fully developed and comprehensive market, a competitive market with willing buyers and sellers, where buyers and sellers are on equal footing and have access to adequate market information, and where transactions between buyers and sellers are conducted under voluntary, rational, non-compulsory or unrestricted conditions. The open market assumption is based on the assumption that assets are publicly tradable in the market.

- (c) Enterprise going concern assumption
Enterprise going concern assumption is to assume that the appraised entity can legally continue its production and operation business according to its current status within the foreseeable future operating period under the existing asset resources conditions and there will be no major adverse changes in the operating conditions.
- (d) Assumption about the use of an asset for existing purpose
Assumption about the use of an asset for existing purpose is an assumption about the market conditions into which an asset is intended to enter and the use status of the asset under such market conditions. Firstly, it is assumed that the assets within the scope of valuation are in use. Secondly, it is assumed that the assets will continue to be used for the current purpose and usage without considering asset use conversion or optimal utilization conditions.

II. GENERAL ASSUMPTIONS

- (a) It is assumed that there will be no unforeseen significant adverse changes in the external economic environment, including the relevant laws, macroeconomic, financial and industrial policies prevailing in the country after the valuation benchmark date, and that there will be no significant impact caused by other human force majeure and unforeseen factors.
- (b) The valuation does not consider the impact on the valuation conclusion of any collateral or guarantee that the appraised entity and its assets may assume in the future, or additional price that may be paid as a result of special transactions.
- (c) It is assumed that there will be no significant changes in the socio-economic environment in which the appraised entity is located or in the fiscal and taxation policies in place, such as taxes and tax rates, and that the credit policy, interest rate, exchange rate and other financial policies will be generally stable.
- (d) The current and future business operations of the appraised entity are and will be legal and in compliance with the relevant provisions of its business license and articles of association.

III. SPECIAL ASSUMPTIONS IN THE INCOME APPROACH

- (a) It is assumed that the current and future management of the appraised entity is in compliance with the laws and regulations, diligently performing its operation and management functions. After the implementation of such economic behaviour, there will be no serious impact on the development of the enterprise or damage to the interests of shareholders, and it will continue to maintain the existing operation management model and management level.
- (b) It is assumed that the core management and technical team of the appraised entity will remain stable in the future forecast period, and there will be no significant changes affecting the business development and profit realization of the enterprise.

Deloitte Touche Tohmatsu, acting as the reporting accountant of the Company, has reviewed the arithmetical accuracy of the calculations for the discounted future estimated cash flows upon which the valuation was based on.

The Board has reviewed and considered the valuation including the principal assumptions upon which the valuation was based. The Board has also considered the report from Deloitte Touche Tohmatsu. On the basis of the foregoing, the Board is of the opinion that the valuation has been made after due and careful enquiry.

The letter issued by the Board in compliance with Rule 14.62(3) of the Hong Kong Listing Rules and the report from Deloitte Touche Tohmatsu dated 15 November 2022 in compliance with Rule 14.62(2) of the Hong Kong Listing Rules are listed in Appendix I and Appendix II to this announcement, respectively.

Information on the Experts

The qualifications of the experts who have provided conclusions or opinions in the Announcement and/or this announcement are as follows:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants
Shanghai Orient Appraisal Co., Ltd.* (formerly translated as "Dongzhou Asset Appraisal Co., Ltd." in the Announcement) (上海東洲資產評估有限公司)	Independent professional valuer

To the best knowledge, information and belief of the Board having made all reasonable enquiries, each of the experts is a third party independent of the Company and its connected persons. As at the date of this announcement, none of the experts has any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group.

Each of the experts has provided and has not withdrawn its written consent to the publication of this announcement with the inclusion herein of its report and references to its name in the form and context in which it appears.

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

Hong Kong and Singapore, 15 November 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. Yang Wei; and the independent non-executive Directors are Mr. Yeo Guat Kwang, Mr. An Hongjun and Mr. Zhong Ming.

** For identification purpose only*

APPENDIX I – LETTER FROM THE BOARD

15 November 2022

Listing Division
The Stock Exchange of Hong Kong Limited
12th Floor, Two Exchange Square,
8 Connaught Place, Central, Hong Kong

Dear Sir,

Discloseable Transaction - Acquisition of 100% Equity Interest in Yun Shui Technology Co., Ltd.* (雲水科技有限公司) (the "Target Company")

We refer to the valuation report dated 13 September 2022 issued by Shanghai Orient Appraisal Co., Ltd.* (上海東洲資產評估有限公司) (the “**Independent Valuer**”) regarding the valuation of the 100% equity interest in Target Company as at 31 December 2021 (the “**Valuation**”), which constitutes a profit forecast under Rule 14.61 of the Hong Kong Listing Rules. We have discussed with the Independent Valuer on different aspects including the bases and assumptions based upon which the Valuation has been prepared, and reviewed the Valuation for which the Independent Valuer is responsible. We have also considered the report from Deloitte Touche Tohmatsu regarding whether the profit forecast, so far as the calculations are concerned, has been properly complied with the bases and assumptions set out in the Valuation Report. We have noted that the profit forecast in the Valuation is mathematically accurate and the discounted cash flows will not be affected by accounting policies. Pursuant to the requirements of Rule 14.62(3) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, we hereby confirm that the Valuation prepared by the Independent Valuer has been made after due and careful enquiry.

Yours faithfully,

By order of the Board

SIIC ENVIRONMENT HOLDINGS LTD.

Mr. Yang Jianwei

Executive Director

APPENDIX II - REPORT OF DELOITTE TOUCHE TOHMATSU

The following is the text extracted from a report received from Deloitte Touche Tohmatsu, for the purpose of incorporation in this announcement.

INDEPENDENT ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE ENTIRE EQUITY INTEREST IN YUN SHUI TECHNOLOGY CO., LTD.

TO THE DIRECTORS OF SIIC ENVIRONMENT HOLDINGS LTD.

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by 上海東洲資產評估有限公司 dated 13 September 2022, in respect of the entire equity interest in Yun Shui Technology Co., Ltd. (the "**Target Company**") and its subsidiaries as at 31 December 2021 (the "**Valuation**") is based. The Target Company is a limited liability company incorporated in the British Virgin Islands. The Target Company, through its subsidiaries, engaged in the operation of wastewater treatments and water supply in the Yangtze Delta region, the People's Republic of China. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and will be included in an announcement dated 15 November 2022 to be issued by SIIC Environment Holdings Ltd. (the "**Company**") in connection with the acquisition of the entire equity interest in the Target Company (the "**Announcement**").

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in the Announcement (the "**Assumptions**"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on whether the calculations of the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the Assumptions on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions. Our work was limited primarily to making inquiries of the Company's management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of the Target Company.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
15 November 2022