

**SIIC ENVIRONMENT HOLDINGS LTD.**

(Company Registration No. 200210042R)

(Incorporated in Singapore)

(the “**Company**”)

**MINUTES OF ANNUAL GENERAL MEETING**

- PLACE** : 24/F, Admiralty Centre I, 18 Harcourt Road, Admiralty, Hong Kong (for Hong Kong Shareholders) and North Pavilion, The Ritz-Carlton, Millenia Singapore, 7 Raffles Avenue Singapore 039799 (for Singapore Shareholders)
- DATE** : Friday, 28 April 2023
- TIME** : 10:00 a.m.
- PRESENT** : Please see attendance list.
- IN ATTENDANCE** : Please see attendance list.
- CHAIRMAN** : Mr. Zhou Jun

**INTRODUCTION**

The chairman (the “**Chairman**”) of the annual general meeting of the Company (the “**AGM**”) introduced the directors of the Company (the “**Directors**”) present at the AGM.

**QUORUM**

The Chairman sought the confirmation of the company secretaries that a quorum was present and the company secretaries confirmed that the quorum necessary for a general meeting as set out in the constitution of the Company (the “**Constitution**”) was present. Therefore, the Chairman declared the AGM open at 10:00 a.m.

**NOTICE**

With the consent of the shareholders of the Company present at the AGM (the “**Shareholders**”), the notice dated 24 March 2023 convening the AGM (the “**Notice of the AGM**”) was taken as read. Proxy forms lodged were checked and found to be in order.

**SUBMISSION OF QUESTIONS FOR THE AGM**

The Chairman informed that based on the information provided in the Notice of the AGM, Singapore and Hong Kong Shareholders were able to ask substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM before 14 April 2023. The Company received questions from both Singapore and Hong Kong Shareholders and Securities Investors Association (Singapore) relating to the resolutions to be tabled for approval at the AGM, the Company’s businesses and operations and published its responses via SGXNet and HKEXnews on 19 April 2023. A copy of the response is annexed hereto as **Appendix 1**.

## **VOTING BY POLL**

The Chairman informed that all resolutions to be tabled at the AGM would be voted upon by way of poll as required under the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and the Rules (the “**Hong Kong Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**SEHK**”) and subsequent regulatory announcements published by the Singapore Exchange Regulation and relevant authorities.

The Chairman further informed the Shareholders that In.Corp Corporate Services Pte. Ltd. (“**Singapore Share Registrar**”) and Computershare Hong Kong Investor Services Limited (“**Hong Kong Share Registrar**”) were appointed as the Singapore and Hong Kong polling agent of the AGM, respectively, and TS Tay Public Accounting Corporation was appointed as the scrutineer of the AGM (“**Scrutineer**”). The video on “How to vote” was shown during the AGM for Singapore Shareholders.

## **ORDINARY BUSINESSES:**

### **1. AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 – RESOLUTION 1**

The AGM proceeded to receive and adopt the audited financial statements of the Company for the financial year ended 31 December 2022 (“**FY2022**”). The Chairman invited the Shareholders to raise any questions on the audited financial statements or the directors’ statement for FY2022.

As there being no questions from the Shareholders, the Chairman proposed the following motion for resolution 1 to be put to vote:

“That the audited financial statements of the Company for the financial year ended 31 December 2022 be and are hereby received and adopted.”

### **2. FINAL DIVIDEND OF 1.0 SINGAPORE CENT PER SHARE TAX EXEMPT (ONE-TIER) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 – RESOLUTION 2**

The board of Directors (the “**Board**”) recommended a final dividend of 1.0 Singapore cent per share tax exempt (one-tier) for the financial year ended 31 December 2022.

As there being no questions from the Shareholders, the Chairman proposed the following motion for resolution 2 to be put to vote:

“That the declaration of a final dividend of 1.0 Singapore cent per share tax exempt (one-tier) for the financial year ended 31 December 2022 be and is hereby approved.”

**3. DIRECTORS' FEES FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023 – RESOLUTION 3**

The Board has recommended Directors' fees amounting to S\$800,000 for the financial year ending 31 December 2023.

As there being no questions from the Shareholders, the Chairman proposed the following motion for resolution 3 to be put to vote:

"That the payment of Directors' fees amounting to S\$800,000 for the financial year ending 31 December 2022 be approved."

**4. RE-ELECTION OF MR. YANG JIANWEI AS A DIRECTOR OF THE COMPANY – RESOLUTION 4**

Mr. Yang Jianwei ("**Mr. Yang**"), who was retiring as a Director in accordance with Regulation 91 of the Constitution, had signified his consent to continue in office of the Director.

As there being no questions from the Shareholders, the Chairman proposed the following motion for resolution 4 to be put to vote:

"That Mr. Yang be and is hereby re-elected as an executive director of the Company."

Mr. Yang, who was re-elected as a Director at the AGM, remained as an executive Director, the chief executive officer, the chairman of the executive committee and the chairman of the risk and investment management committee of the Company.

**5. RE-ELECTION OF MR. AN HONGJUN AS A DIRECTOR OF THE COMPANY – RESOLUTION 5**

Mr. An Hongjun ("**Mr. An**"), who was retiring as a Director in accordance with Regulation 91 of the Constitution, had signified his consent to continue in office of the Director.

As there being no questions from the Shareholders, the Chairman proposed the following motion for resolution 5 to be put to vote:

"That Mr. An be and is hereby re-elected as an independent non-executive director of the Company."

Mr. An, who was re-elected as a Director at the AGM, remained as an independent non-executive director, the chairman of the audit committee, a member of the nomination committee and a member of the remuneration committee of the Company and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST and Rule 3.13 of the Hong Kong Listing Rules.

**6. RE-ELECTION OF MR. ZHONG MING AS A DIRECTOR OF THE COMPANY – RESOLUTION 6**

Mr. Zhong Ming (“**Mr. Zhong**”), who was retiring as a Director in accordance with Regulation 91 of the Constitution, had signified his consent to continue in office of the Director.

As there being no questions from the Shareholders, the Chairman proposed the following motion for resolution 6 to be put to vote:

“That Mr. Zhong be and is hereby re-elected as an independent non-executive director of the Company.”

Mr. Zhong, who was re-elected as a Director at the AGM, remained as an independent non-executive director, the chairman of the remuneration committee, a member of the audit committee and a member of the nomination committee of the Company and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST and Rule 3.13 of the Hong Kong Listing Rules.

**7. RE-ELECTION OF MR. YANG WEI AS A DIRECTOR OF THE COMPANY – RESOLUTION 7**

Mr. Yang Wei (“**Mr. Yang**”), who was retiring as a Director in accordance with Regulation 97 of the Constitution, had signified his consent to continue in office of the Director.

As there being no questions from the Shareholders, the Chairman proposed the following motion for resolution 7 to be put to vote:

“That Mr. Yang be and is hereby re-elected as an executive director of the Company.”

Mr. Yang, who was re-elected as a Director at the AGM, remained as an executive director.

**8. RE-APPOINTMENT OF AUDITORS AND TO AUTHORISE THE BOARD OF DIRECTORS OF THE COMPANY TO FIX THEIR REMUNERATION – RESOLUTION 8**

The AGM proceeded to re-appoint Messrs Deloitte & Touche LLP, who had expressed their willingness to continue in office, as the auditors of the Company and to authorise the Board to fix their remuneration.

As there being no questions from the Shareholders, the Chairman proposed the following motion for resolution 8 to be put to vote:

“That Messrs Deloitte & Touche LLP, who have expressed their willingness to continue in office, be and are hereby re-appointed as Auditors and the Board be and is hereby authorized to fix their remuneration.”

**ANY OTHER BUSINESS**

As no notice of any other ordinary business to be transacted at the AGM had been received by the company secretaries, the AGM proceeded to deal with the special business outlined in the Notice of the AGM.

**SPECIAL BUSINESSES:**

**9. GENERAL MANDATE TO ALLOT AND ISSUE SHARES – RESOLUTION 9**

The Chairman informed the Shareholders that resolution 9 as set out in the Notice of the AGM was to authorise the Directors to allot and issue shares pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual of the SGX-ST and Hong Kong Listing Rules.

There being no questions from the Shareholders, the Chairman proposed the following motion for resolution 9 to be put to vote:

“That pursuant to Section 161 of the Companies Act 1967, Rule 806 of the Listing Manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and the Rules (“**Hong Kong Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**SEHK**”), the Directors of the Company (“**Directors**”) be authorised and empowered to:

(a) (i) issue shares in the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of Shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST and SEHK) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

- (a) new Shares arising from the conversion or exercise of any convertible securities;
- (b) new Shares arising from exercising share options or vesting of share awards; and
- (c) any subsequent bonus issue, consolidation or subdivision of Shares;

Adjustments in accordance with Rule 806(3)(a) or Rule 806(3)(b) of the Listing Manual of the SGX-ST are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate.

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST and the Hong Kong Listing Rules for the time being in force (unless such compliance has been waived by the SGX-ST and the SEHK) and the Constitution of the Company; and
- (4) unless revoked or varied by the Shareholders in a general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.”

## 10. RENEWAL OF SHARE PURCHASE MANDATE – RESOLUTION 10

The Chairman informed the Shareholders that resolution 10 as set out in the Notice of the AGM was to approve the proposed renewal of share buyback mandate.

There being no questions from the Shareholders, the Chairman proposed the following motion for resolution 10 to be put to vote:

“That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act 1967, the exercise by the Directors of all the powers of the Company to purchase, or otherwise acquire, issued Shares of the Company not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors, from time to time, up to the Maximum Price (as hereinafter defined), whether by way of:
  - (i) off-market purchases (each an “**Off-Market Share Purchase**”) effected pursuant to an equal access scheme (as defined in Section 76C of the Companies Act 1967, as modified, supplemented or amended from time to time); and/or
  - (ii) on-market purchases (each an “**On-Market Share Purchase**”) on the SGX-ST and/or the SEHK, through the ready markets, through one or more duly licensed stock brokers appointed by the Company for such purpose,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST, the Singapore Code on Take-overs and Mergers, the Hong Kong Listing Rules, the Code on Share Buybacks of Hong Kong, and the Code on Takeovers and Mergers of Hong Kong, as may for the time being, be applicable,

be and is hereby authorised and approved generally and unconditionally (“**Share Purchase Mandate**”).

- (b) The purchase of Shares by the Company under the Share Purchase Mandate may be made, at any time and from time to time, on and from the date of the passing of this resolution, up to the earlier of:–
- (i) the date on which the next AGM is held or is required by law or the Constitution to be held; or
  - (ii) the date on which share purchases pursuant to the Share Purchase Mandate is carried out to the full extent mandated; or
  - (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in a general meeting.
- (c) For the purpose of this resolution:

“**Prescribed Limited**” means ten per centum (10%) of the total number of issued Shares excluding Treasury Shares and subsidiary holdings in the Company as at the date of the passing of this resolution; and

“**Maximum Price**” in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price (as hereinafter defined) of the Shares; and
- (ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price of the Shares,

where:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five (5) Market Days (“**Market Day**”, being a day on which the SGX-ST or the SEHK, as the case may be, is open for securities trading), on which transactions in the Shares were recorded, immediately preceding the date of making the On-Market Share Purchase, or, as the case may be, the date of making an announcement for an offer pursuant to the Off-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days and the day on which the On-Market Share Purchase or the date of the offer pursuant to the Off-Market Share Purchase, as the case may be, is made.

- (d) The Directors, and/or each and any of them, be and are hereby authorized, to complete and do all such acts and things, (including executing such documents as may be required), as they and/or he, may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorized by this resolution.”

## 11. PROPOSED AMENDMENTS TO THE EXISTING CONSTITUTION AND ADOPTION OF THE AMENDED AND RESTATED CONSTITUTION – SPECIAL RESOLUTION 11

The Chairman informed the Shareholders that special resolution 11 as set out in the

Notice of the AGM was to approve the proposed amendments to the existing Constitution and adoption of the amended and restated Constitution.

There being no questions from the Shareholders, the Chairman proposed the following motion for special resolution 11 to be put to vote:

“That:

- (a) the proposed amendments (the “**Proposed Amendments**”) to the existing Constitution of the Company (the “**Existing Constitution**”), the details of which are set out in Appendix C to the circular of the Company dated 24 March 2023, be and are hereby approved;
- (b) the amended and restated Constitution of the Company (the “**Amended and Restated Constitution**”), which contains all the Proposed Amendments and a copy of which has been produced to this meeting and marked “A” and initialled by the chairman of the meeting, be and is hereby approved and adopted in substitution for and to the exclusion of the Existing Constitution with immediate effect; and
- (c) any Director or company secretary of the Company be and is hereby authorised to do all such acts, deeds and things and execute all such documents and make all such arrangements that he/she shall, in his/her absolute discretion, deem necessary or expedient to give effect to the Proposed Amendments and the adoption of the Amended and Restated Constitution, including without limitation, attending to the necessary filings with the Registrar of Companies in Singapore and Hong Kong.”

## **CONDUCT OF POLL**

The Chairman invited the Shareholders to cast their votes for all resolutions tabled at the AGM. The Chairman subsequently informed the Shareholders that the Scrutineer would proceed to count the votes. As such, the AGM was paused at 10.19 a.m. for the vote counting and verification.



**RESULTS OF ANNUAL GENERAL MEETING**

The Chairman resumed the AGM at 10.56 a.m. and announced the results of the poll as follows:

Ordinary Resolutions	Total No. of shares represented by votes for and against the relevant resolution	For		Against		Results
		Number of Shares	As a percentage of total number of votes for and against the resolution (%)	Number of Shares	As a percentage of total number of votes for and against the resolution (%)	
<b><u>AS ORDINARY BUSINESS</u></b>						
<u>Resolution 1</u> To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2022	1,828,603,364	1,828,603,314	99.999997%	50	0.000003%	Carried
<u>Resolution 2</u> Payment of proposed final dividend	1,828,543,364	1,828,543,314	99.999997%	50	0.000003%	Carried
<u>Resolution 3</u> To approve Directors' fees amounting to S\$800,000 for the financial year ending 31 December 2023	1,826,042,488	1,803,935,838	98.789368%	22,106,650	1.210632%	Carried

Ordinary Resolutions	Total No. of shares represented by votes for and against the relevant resolution	For		Against		Results
		Number of Shares	As a percentage of total number of votes for and against the resolution (%)	Number of Shares	As a percentage of total number of votes for and against the resolution (%)	
<u>Resolution 4</u> To re-elect Mr. Yang Jianwei as an Executive Director of the Company	1,828,542,864	1,806,498,514	98.794431%	22,044,350	1.205569%	Carried
<u>Resolution 5</u> To re-elect Mr. An Hongjun as an Independent Non-Executive Director of the Company	1,828,542,864	1,758,160,514	96.150905%	70,382,350	3.849095%	Carried
<u>Resolution 6</u> To re-elect Mr. Zhong Ming as an Independent Non-Executive Director of the Company	1,828,502,864	1,758,120,514	96.150821%	70,382,350	3.849179%	Carried
<u>Resolution 7</u> To re-elect Mr. Yang Wei as an Executive Director of the Company	1,828,542,864	1,794,261,814	98.125226%	34,281,050	1.874774%	Carried
<u>Resolution 8</u> To re-appoint Messrs Deloitte & Touche LLP as Auditors and to authorise the Board of Directors of the Company to fix their remuneration	1,828,543,364	1,828,543,314	99.999997%	50	0.000003%	Carried

Ordinary Resolutions	Total No. of shares represented by votes for and against the relevant resolution	For		Against		Results
		Number of Shares	As a percentage of total number of votes for and against the resolution (%)	Number of Shares	As a percentage of total number of votes for and against the resolution (%)	
<b><u>AS SPECIAL BUSINESS</u></b>						
<u>Resolution 9</u> General Mandate to allot and issue shares	1,828,543,364	1,515,233,654	82.865612%	313,309,710	17.134388%	Carried
<u>Resolution 10</u> Renewal of Share Purchase Mandate	560,057,438	560,017,388	99.992849%	40,050	0.007151%	Carried
<b><u>SPECIAL RESOLUTION</u></b>						
<u>Resolution 11</u> Amendments to Constitution	1,828,449,564	1,806,405,214	98.794369%	22,044,350	1.205631%	Carried

Based on the above poll results, the Chairman declared that all resolutions tabled at the AGM had been passed.

#### **CONCLUSION**

There being no other business to transact, the Chairman declared the AGM closed at 11.00 a.m. and thanked everyone for their attendance.

#### **CONFIRMED AS A TRUE RECORD OF PROCEEDINGS HELD**

**MR. ZHOU JUN**  
**CHAIRMAN**

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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 28 APRIL 2023 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 23 March 2023 and 5 April 2023. As at 14 April 2023, the Company has received the following questions from shareholders and Securities Investors Association (Singapore) (“SIAS”). The Company wishes to provide its responses as below:

## **Section A – Questions from Shareholders:**

### **Question 1:**

Could you provide the gearing ratio of the company for the past five financial years? What is the comfortable level for the company?

### **Response to Question 1:**

The gearing ratio of the company for the past five financial years were shown below:

2018 – 0.10 times

2019 – 0.13 times

2020 – 0.15 times

2021 – 0.68 times

2022 – 0.73 times

The Board and management have been committed to managing and controlling the Company's gearing ratio and will maintain a relatively reasonable and healthy ratio in accordance with the Company's development strategy of high quality and sustainable growth.

### **Question 2:**

What concrete measures will the company take to narrow the widening gap of share price and asset value as well as increasing the liquidity of the shares?

### **Response to Question 2:**

The share price of the company is determined by both external and internal factors. The external factors include macroeconomy, industry competition, capital market, preference of investors and other factors. The Company is committed to focusing on improving our performance by increasing revenue, reducing costs, and exploring new business development opportunities, which can help increase the company's intrinsic value. The company aims to build a good shareholders base and attract potential investors by actively engaging with shareholders, providing timely updates, addressing investors' concerns, declaring stable and persistent dividends, and continues to enhance investor relations.

### **Question 3:**

The tagline of the FY 2022 annual report is "Returning to our original aspiration". Does it imply that there are non-core assets to be divested? If so, what are these?

### **Response to Question 3:**

The Company will further improve its organizational structure and team, return to its original entrepreneurial spirit, initiate a new round of rapid development, consolidate its business layout in different regions, and accelerate its business expansion in the Yangtze River Economic Belt and the Guangdong-Hong Kong-Macao Greater Bay Area, so that it can once again resume rapid development, achieve new breakthroughs, and scale new heights. In addition, the Company will strengthen our technological and digital empowerment, continuously improve our management standard and operational efficiency, and further promote our employee incentive policy to maintain the leading position among the top-tier players in China's water treatment and environmental protection industries. The Company will insist on focusing on the development of core business in the long term.

## **Section B – Questions from SIAS:**

### **Question 4:**

As shown in Note 34 (pages 226 – Bank and other borrowings), the group’s borrowings have increased to RMB19.15 billion as at 31 December 2022, up from RMB16.63 billion a year ago. The amount repayable within one year or on demand is lower at RMB3.77 billion.

For FY2022, the group’s cash flow from operations was negative RMB(1.39) billion. Trade and other receivables increased from RMB3.40 billion as at 31 December 2021 to RMB4.52 billion as at 31 December 2022. This was primarily due to the expansion in operation scale in 2022 and the impact of longer collection period affected by the strict COVID restriction measures in 2022. Average trade receivable turnover days increased by more than 21 days, increasing from 108 days to 129 days.

- (i) Can management provide an update on the current challenges the group faces in collecting its debt? Has the situation improved since the lifting of COVID-19 restrictions? Are there indications of increased difficulties in collecting receivables given the macroeconomic challenges in China?
- (ii) The loss allowance of trade receivables for the year increased from RMB7.3 million to RMB31.8 million. What are the reasons for the significant increase in loss allowance?
- (iii) The group received RMB7.08 billion in FY2022 from the “PRC government”. What is the group’s largest exposure to a single local government unit?
- (iv) Following the white paper titled “China’s Green Development in the New Era” (《新時代的中國綠色發展》白皮書) released in early 2023, what specific opportunities has management identified?
- (v) Given that interest rates have increased significantly and remained elevated, what is the impact on the carrying value of the service concession arrangements?
- (vi) Could management help shareholders better understand how the company factors in interest rate trends before entering into long-term (20 years, 30 years) service concession arrangements?

RMB15.3 billion of its borrowings, or 80.1%, are variable-rate borrowings, with repricing done at intervals ranging from monthly to annually. Interest paid was RMB793 million in FY2022 (2021: RMB648 million).

- (vii) What steps is management taking to actively manage and optimise the company's financing costs?

#### Response to Question 4:

- (i) Our customers are usually governments in China, and they focused their money dealing with Covid-19 during pandemic, financial situation was seriously affected, it was quite challenging for the Group to collect its debts in the past years. The situation improved since the lifting of COVID-19 restrictions in 1QFY2023. However, the difficulty in collecting the debts is possible in the short term. The company will continue to monitor the development of the financial situation for all levels of governments in China and maintain effective communication and relationship with them, put in efforts to implement all possible actions to reinforce and improve the collection of debts.
- (ii) The loss allowance of trade receivables for the year increased from RMB7.3 million to RMB31.8 million was due to the recognition of Expected Credit Losses “ECL”. The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.
- (iii) The group aims to diversify the exposure for the overall portfolio of more than 250 projects across 20 municipalities, provinces, and special administrative region in China, and hence no largest exposure to a single local government unit was noted.
- (iv) In the white paper “China’s Green Development in the New Era” released in early 2023, the Central Government clearly stated that it will unswervingly follow the path of green development; remain committed to eco-environmental conservation; It also outlined the development direction for the environmental protection industry. The policy will provide more opportunities for the Company to further expand and improve the construction of an environmental, social and corporate governance (ESG) system, implement ESG management, optimize target setting and build more modern environmental protection projects of high standards to achieve steady and high-quality growth.
- (v) The interest rates related to the service concession arrangements is determined based on the China Loan Prime Rate (“LPR”) in long term which is not rising but relatively stable, and so far no impact to the carrying value.
- (vi) The Group usually considers the China Loan Prime Rate (“LPR”) in long term for interest rate trends before entering long-term (20 years, 30 years) service concession arrangements.
- (vii) The management is actively evaluating diverse sources of funding to manage and optimize finance costs.

**Question 5:**

For the financial year ended 31 December 2022 (FY2022), revenue increased by 14.3% to RMB8.3 billion. Operating and maintenance income and financial income from service concession arrangements amounted to RMB4.7 billion, an increase of 9.7%. This was mainly due to an increase in wastewater treatment and water supply volumes, as well as the higher average wastewater treatment tariffs.

Revenue from the water supply segment increased by 27.4%, from RMB1.05 billion in FY2021 to RMB1.34 billion in FY2022. The group's net profit attributable to shareholders for the period amounted to RMB780.2 million, an increase of 10.5% year-on-year.

As of the end of FY2022, the group boasted an overall portfolio of nearly 250 wastewater treatment and water supply projects, with a total production capacity of 13,040,000 tonnes per day.

- (i) Wastewater treatment tariff: The average wastewater treatment tariff increased by 9.5% YOY to RMB1.86 per tonne. Given the cost pressure from a high inflation environment, what is the group's strategy to be more agile in passing on the cost increases and getting faster and larger tariff revision? Is the group able to adjust the service concessions based on changes in interest rates, particularly in a high-inflation environment?
- (ii) Shanghai Baoshan Renewable Energy Utilization Center ("Baoshan project"): Has the Baoshan project reached the maximum capacity or optimum utilisation rate? If not, how much time is needed to reach that mature stage?

**Response to Question 5:**

- (i) According to the concession arrangements signed, we are allowed to periodically review the costs and submit for price adjustment to governments. The group's strategy is to monitor the costs timely and submit the price revision request based on the procedure indicated in the concession arrangements, which can help us to be more agile in absorbing the costs. The group can adjust the service concessions based on changes in interest rates, particularly in a high-inflation environment.
- (ii) The Baoshan project has not reached its maximum capacity. The processing ability will be expected to reach the designed production capacity before the end of this year.



**Question 6:**

The gearing ratio, defined as net debt as a percentage of total equity, has been stable in recent years. The trend in the group's gearing is shown below:

2018 – 1.01 times  
2019 – 1.01 times  
2020 – 0.97 times  
2021 – 0.99 times  
2022 – 1.13 times

- (i) Has the board established a specific limit for the gearing ratio?

The directors have proposed a final dividend of \$0.01 per share to be paid to shareholders. The total estimated dividend to be paid is \$25.8 million, approximately RMB128.8 million. An interim one-tier tax exempt dividend of \$0.005 per ordinary share, totalling S\$12.8 million (RMB70.7 million), was paid out to shareholders in 2022.

- (ii) How does the high-interest-rate, high-inflation environment affect the board's decision-making process regarding declaring and paying dividends to shareholders?
- (iii) What specific financial or operational targets must be achieved for the company to be in a strong position to increase its dividend? In fact, will the higher-than-usual leverage level and net cash outflows from operating activities (2022: RMB1.39 billion) and investing activities (2022: RMB658 million) pose constraints on the company's ability to declare higher dividends in the future?

**Response to Question 6:**

- (i) The Board has been closely monitoring and managing the Group's gearing ratio, as the environment business is capital-intensive industry and currently in the development stage, the Group committed to providing shareholders with higher returns, hence, the Board has not set a specific limit to the Group's gearing ratio.
- (ii) The Board will strive for a balance between investment return for shareholders and achieving the Group's continuous development goal in the long term, upon decision-making process regarding declaring and paying dividends to shareholders. The Group will consider increasing the dividends to shareholders as long as the profitability has been improved.
- (iii) So far, the Group does not have any specific target set for dividends to shareholders. However, the Group may increase the shareholders' dividends once the financial position has been improved.

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

Hong Kong and Singapore, 19 April 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*