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上海实业环境控股有限公司
SIIC ENVIRONMENT HOLDINGS LTD.

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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)

**RESPONSE TO SGX QUERIES ON THE COMPANY'S UNAUDITED
CONDENSED INTERIM FINANCIAL STATEMENTS AND DIVIDEND
ANNOUNCEMENT FOR THE FOURTH QUARTER AND TWELVE
MONTHS ENDED 31 DECEMBER 2023**

The Board of Directors (“**Board**”) of SIIC Environment Holdings Ltd. (“**Company**”) refers to its announcement released on 26 February 2024 in relation to the Unaudited Condensed Interim Financial Statements and Dividend Announcement for the Fourth Quarter and Twelve Months Ended 31 December 2023 (“**FY2023 Results Announcement**”). The Board would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 4 March 2024 (“**SGX Query**”) as follows:

SGX Query 1:

We refer to the Company's full year financial statements for the year ended 31 Dec 2023. Revenue for the 3 months ended 31 Dec 2023 decreased substantially to RMB 1.22 billion (2022: RMB 2.52 billion). This is mainly attributable to negative construction revenue of RMB (0.28) billion recognized in the 3 months ended 31 Dec 2023 compared to RMB 0.93 billion in 2022. Please elaborate on the reason for recognising negative construction revenue in the 3 months ended 31 Dec 2023.

Company's Response to SGX Query 1

The Group recorded negative construction revenue of RMB 0.28 billion in the 3 months ended 31 Dec 2023, mainly due to adjustment made to the construction costs incurred year-to-date based on the valuation report issued by third party in 4Q2023, for the Group's major project, Shanghai Baoshan Renewable Energy Utilization Center, and also to the corresponding construction revenue which resulted in the negative construction revenue in the last quarter.

SGX Query 2:

The Group recorded current borrowings of RMB 5.8 billion and is in a net current liability position of RMB 987 million as at 31 Dec 2023. The Group's cash balance as at 31 Dec 2023 is RMB 2.89 billion. Please disclose the Board's assessment of:

- (i) whether the Group's current assets are adequate to meet the Group's short term liabilities; and
- (ii) how the Group intends to fulfill its significant payment obligations in the next 12 months. Where the Group has worked out debt repayment plans to fulfill its debt obligations, please disclose if it is on track to fulfilling these obligations.

Company's Response to SGX Query 2

As at 31 December 2023, the group's current assets amounted to RMB 9.27 billion, including cash and receivables and other receivables which amounted to RMB 2.89 billion, and RMB 4.99 billion, respectively, and these balances collectively amounted to RMB 7.88 billion, representing 85.0% of total current assets. The group's total current liabilities amounted to RMB 10.26 billion, and RMB 5.77 billion related to borrowings, and a net current liabilities position of RMB 990 million was noted.

The Group actively reviews its liquidity risk on a regular basis. With sufficient unutilized bank credit limit available to ensure its payment obligations is fulfilled in short-term, the group plans to optimize loan through but not limited to the following measures:

- 1) Replacement of short-term loans with the RMB 1.0 billion long-term loans the company obtained in the first quarter of 2024.
- 2) Our subsidiaries and projects have completed their refinancing, the group will be able to utilize funds amounting to RMB 1.73 billion to repay the short-term loans;

As of the date of this response, the Group has no default record and will be able to fulfill its payment obligations in accordance with the repayment dates stipulated in the contract.

By Order of the Board
SIIC ENVIRONMENT HOLDINGS LTD.
Mr. Zhu Dazhi
Executive Director

Hong Kong and Singapore, 6 March 2024

As at the date of this announcement, the chairman of the board of Directors and the executive Director is Mr. Zhou Yuding; the executive Directors are Mr. Zhu Dazhi, Mr. Xu Xiaobing, Mr. Jiang Kai and Mr. Yang Xing; and the independent non-executive Directors are Mr. Yeo Guat Kwang, Mr. An Hongjun and Mr. Zhong Ming.

** For identification purpose only*