COLEX HOLDINGS LIMITED (Registration No. 197101485G)

ANNUAL GENERAL MEETING TO BE HELD ON 28 APRIL 2021
- RESPONSE TO QUESTIONS FROM A SHAREHOLDER

The following questions relates to Colex Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**")'s Annual Report for the Financial Year Ended 31 December 2020 ("**FY2020**") received from a shareholder. Response from the Company is appended as below:

Question 1

I refer to page 2 of the Annual Report about "Financial review". In the 1st paragraph, it was stated that "Revenue from the waste disposal segment decreased by 40.4% to S$22.870 million in FY2020 from S$38.397 million in FY2019. The decrease was mainly due to the expiry of the public waste collection contract for Jurong sector on 31 March 2020." Furthermore, on page 4 of the Annual Report, it was stated that "The waste division has submitted the public waste collection tenders for the Clementi Bukit Merah sector and the City Punggol sector and both tenders were unsuccessful." What were the main reasons behind the non-renewal of the public waste collection contract for Jurong sector, as well as unsuccessful tendering for Clementi Bukit Merah sector & City Punggol sector i.e uncompetitive pricing alone?

Company's Response to Question 1

The evaluation criteria for the public waste collection contracts by the National Environment Agency ("**NEA**") is based on two weightages – Tender Price (50%) and Quality Attributes (50%). Colex Environmental Pte Ltd ("**CEPL**") has submitted the lowest tender price bid for the Jurong sector. However, based on the evaluations by NEA, the contract was awarded to the second lowest bidder.

For the Clementi Bukit Merah sector, CEPL submitted the second lowest tender price but the contract was awarded to the third lowest. CEPL has submitted the 4th lowest bid for the City Punggol sector and the contract was awarded to the 3rd lowest bidder based on all the alternative bids submitted by each bidder (each bidder may submit one base bid, being the minimum tender requirements that the tenderer has to submit, and one alternative bid. For the base bids, CEPL is the second lowest in terms of tender price).

Question 2

I refer to page 85 of the Annual Report about "Operating segments". For "Waste disposal" segment, it has gone from a profit of $280k in 2019 to a loss of $2.44m in 2020. Furthermore, on page 84 of the Annual Report, it was stated that "The Company has given a letter of financial support to one of its subsidiaries, Colex Environmental Pte. Ltd. with aggregate net current liabilities of $2,514,162 as at 31 December 2020 (2019 - $1,676,286) to enable them to continue to operate as a going concern and to meet their respective obligations as and when they fall due." How have the Board and Management planned to turn the Waste disposal segment around?

Company's Response to Question 2

With the non-renewal of the Jurong sector, CEPL will redeploy its assets to other segments such as the industrial and commercial ("**ICW**") business to increase its revenue and to improve its

bottom line. Operational and overheads expenses and manpower utilisation will be optimised to reduce cost and improve productivity. CEPL is also currently exploring new business opportunities in environmental related industries.

CEPL has submitted the 2nd lowest bid on tender price for the public waste collection sector for the Ang Mo Kio -Toa Payoh sector. The result has yet to be released and the commencement date is on 1 October 2021. The last tender of the public waste collection for the Woodlands Yishun sector will close on 31 May 2021 and the commencement date is on 1 January 2022. Colex intends to participate in this tender.

Question 3

I refer to page 2 of the Annual Report about "Financial review". In the 1st paragraph, it was stated that "Revenue from the contract cleaning segment decreased by 14.4% to S$24.345 million in FY 2020 from S$28.450 million in FY2019. The decrease was mainly due to completion of some existing contracts and lesser new contracts secured." How have the Board and Management planned to secure more contracts for the contract cleaning segment?

Company's Response to Question 3

Management's direction is to secure new contracts and renewal rates of existing contracts by pricing our services more competitively.

Question 4

I refer to page 7 of the Annual Report about "Financial highlights". "Profit after taxation" (even before Covid-year 2020) has been on a structural downtrend since 2016, indicating margin compression. What have the Board and Management planned to do about it?

Company's Response to Question 4

The waste segment and the contract cleaning business continues to face fierce competition. CEPL has been and will continue to increase its sales force to solicit more new contracts and to retain existing contracts in the ICW business. Recycling efforts in commercial, industrial and residential premises are also being stepped up to bring in additional revenue to the waste segment.

Operating costs, in particular cleaners' wages are on the rise due to the implementation of the Progressive Wage Model in the cleaning industry. We will continue to improve and boost operational efficiency and productivity of the Group's waste and the cleaning segments by upskilling our workers through intensive training in Workforce Skills Qualifications (Environmental Services) courses.

Question 5

I refer to page 81 of the Annual Report about "Other expenses". What are the nature of "Distillate fees" and "Service agency fee" respectively?

Company's Response to Question 5

"Distillates fees" refers to expenses for the consumption of industrial diesel by the whole fleet of trucks and the service vehicles for the Group's day-to-day operations.

'Service agency fees" refers to the charges per account per unit by SP Services Limited ("SP") for the collection of refuse fees on behalf of CEPL for those premises that are billed by individual units through SP utilities bill.

Question 6

I refer to page 24 of the Annual Report about "Corporate governance statement". Compared to 2019, the table for "Directors" showed an (Executive) Director whose remuneration is in the "Above S$250,000" category in 2020. Can the Remuneration Committee share the remuneration factor(s) behind Ding Chek Leh's higher % for Bonus, compared to the other 6 Key Management Personnel? How much is attributable to each of these remuneration factor(s)?

Company's Response to Question 6

Ding Chek Leh is on a profit sharing scheme and hence his bonus is tied to the profit for the segment under his charge while the other key management personnel are employed based on a fixed salary and variable bonus based on their operating unit performance.

Question 7

I refer to page 84 of the Annual Report about "Capital commitments". How will the "capital commitments" trend be like over the next 2-3 years? How will they be funded?

Company's Response to Question 7

It is envisaged that capital commitments in the next few years relates to new vehicles and equipment of latest technology which will be purchased in phases and will be funded with internal funds and hire purchase agreements.

By Order of the Board
Foo Soon Soo
Company Secretary

26 April 2021

*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

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