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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser immediately.

**If you have sold or transferred** all your shares in the capital of SIIC ENVIRONMENT HOLDINGS LTD., you should immediately hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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The Singapore Exchange Securities Trading Limited takes no responsibility for the accuracy of or the correctness of any of the statements or opinions made or reports contained in this circular.

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*(Incorporated in the Republic of Singapore with limited liability)*

*(Company Registration Number 200210042R)*

**(Hong Kong stock code: 807)**

**(Singapore stock code: BHK)**

- (1) GENERAL MANDATE TO ISSUE SHARES;  
(2) RE-ELECTION OF DIRECTORS;  
(3) PROPOSED DECLARATION OF FINAL DIVIDEND;  
(4) RENEWAL OF SHARE PURCHASE MANDATE; AND  
(5) MAJOR TRANSACTION AND INTERESTED PERSON TRANSACTION AND  
CONTINUING CONNECTED TRANSACTIONS IN RELATION TO FINANCIAL  
SERVICES AGREEMENT**
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A notice convening the Annual General Meeting of the Company to be held at Conrad Singapore Marina Bay, Level 2, North Room, Two Temasek Boulevard, Singapore 038982 on Wednesday, 29 April 2026 at 10:00 a.m. is enclosed with this circular. If you do not intend to attend and/or be present and vote at the Annual General Meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Share Registrar office in Singapore at In.Corp Corporate Services Pte. Ltd., 36 Robinson Road #20-01 City House Singapore 068877 (**for Singapore Shareholders**) or the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (**for Hong Kong Shareholders**) or if submitted electronically, be submitted via email to the following email address: [shareregistry@incorp.asia](mailto:shareregistry@incorp.asia) or via the following URL: [https://conveneagm.com/sg/SIICEnv\\_AGM2026](https://conveneagm.com/sg/SIICEnv_AGM2026), as soon as possible and in any event not less than seventy-two (72) hours before the time appointed for holding the Annual General Meeting or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting at the Annual General Meeting in person should you wish so. If you attend and vote at the Annual General Meeting, the authority of your proxy will be revoked.

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## DEFINITIONS

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*Except where the context otherwise requires, the following definitions apply throughout this circular:*

“2026 AGM”	:	the AGM to be held at Conrad Singapore Marina Bay, Level 2, North Room, Two Temasek Boulevard, Singapore 038982, details of which are set out in the Notice of the 2026 AGM (for both Singapore and Hong Kong Shareholders) on Wednesday, 29 April 2026 at 10:00 a.m., or any adjournment thereof
“Act”	:	the Companies Act 1967 of Singapore
“AGM”	:	annual general meeting of the Company
“Board”	:	the board of Directors for the time being
“CDP”	:	The Central Depository (Pte) Limited
“Company”	:	SIIC ENVIRONMENT HOLDINGS LTD.
“Constitution”	:	the Constitution of the Company, as amended, modified or supplemented from time to time
“Directors”	:	the directors of the Company for the time being
“General Mandate”	:	a general mandate to be granted by the Shareholders to authorise the Directors to allot, issue or deal with Shares subject to and in accordance with the terms of the mandate set out in this circular and Resolution 8 of the Notice of the 2026 AGM
“Group”	:	the Company together with its Subsidiaries
“Hong Kong”	:	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	:	the Rules Governing the Listing of Securities on the SEHK
“Latest Practicable Date”	:	25 March 2026, being the latest practicable date for the purposes of this circular
“Listing Manual”	:	the Listing Manual of the SGX-ST
“PRC”	:	the People’s Republic of China

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## DEFINITIONS

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“SEHK”	:	The Stock Exchange of Hong Kong Limited
“SFO”	:	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Purchase”	:	purchase of Shares by the Company pursuant to the Share Purchase Mandate
“Share Purchase Mandate”	:	a general mandate to be granted by the Shareholders to authorise the Directors to exercise all the powers of the Company to purchase Shares in accordance with the terms set out in this circular and Resolution 9 of the Notice of the 2026 AGM
“Shareholders”	:	registered holder of the Shares or where CDP is the registered holder, the term “Shareholders” shall in relation to such Shares and where the context admits, mean the Depositors who have the Shares entered against their names in the Depository Register
“Shares”	:	ordinary shares in the capital of the Company
“Subsidiaries”	:	a company (whether incorporated within or outside Singapore and wheresoever resident) being a subsidiary for the time being of the Company within the meaning of Section 5 of the Act and “Subsidiary” shall be construed accordingly
“subsidiary holdings”	:	shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Act
“Substantial Shareholder”	:	in relation to the Company, a person who has an interest or interests in not less than five per cent. (5%) of the issued voting Shares in the capital of the Company
“treasury Share(s)”	:	Share(s) that was (or is treated as having been) purchased by the Company in circumstances in which section 76H of the Act applies and has been held continuously by the Company since it was so purchased and has not been cancelled

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## DEFINITIONS

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### Currencies, Units of Measurement and Others

“HK\$”	:	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	:	PRC Renminbi
“S\$” and “cents”	:	Singapore dollars and cents, respectively, the lawful currency of Singapore
“%” or “per cent.”	:	per centum or percentage

The terms “**Depositor**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act 2001 of Singapore.

Words importing the singular shall where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

Any reference in this circular to any enactment, the Listing Manual or Hong Kong Listing Rules is a reference to that respective enactment, the Listing Manual or Hong Kong Listing Rules as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof or the Listing Manual or the Hong Kong Listing Rules and used in this circular shall, where applicable, have the meaning assigned to it under the said Act or any modification thereof or the Listing Manual or the Hong Kong Listing Rules, as the case may be.

Any reference to a time of day in this circular shall be a reference to Singapore time unless otherwise stated.

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LETTER TO SHAREHOLDERS

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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)*

*(Company Registration Number 200210042R)*

**(Hong Kong stock code: 807)**

**(Singapore stock code: BHK)**

***Chairman of the Board, Executive Director:***

Mr. Zhou Yuding

***Chief Executive Officer, Executive Director***

Mr. Ji Guanglin

***Executive Directors:***

Mr. Wang Xiwang

Mr. Yang Xing

***Lead Independent Non-Executive Director:***

Dr. Kimmis Pun Kim Ming

***Independent Non-Executive Directors:***

Mr. An Hongjun

Mr. Zhong Ming

***Headquarters, Registered Office and***

***Principal Place of Business in Singapore:***

One Temasek Avenue

#37-02 Millenia Tower

Singapore 039192

***Principal Place of Business in Hong Kong:***

Room 1601, 16th Floor

Wing On Centre

111 Connaught Road Central

Hong Kong

27 March 2026

*To: The Shareholders of the Company*

Dear Sir/Madam

- (1) GENERAL MANDATE TO ISSUE SHARES;**  
**(2) RE-ELECTION OF DIRECTORS;**  
**(3) PROPOSED DECLARATION OF FINAL DIVIDEND;**  
**(4) RENEWAL OF SHARE PURCHASE MANDATE; AND**  
**(5) MAJOR TRANSACTION AND INTERESTED PERSON TRANSACTION**  
**AND CONTINUING CONNECTED TRANSACTIONS IN RELATION TO**  
**FINANCIAL SERVICES AGREEMENT**

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## LETTER TO SHAREHOLDERS

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### 1. BACKGROUND

The purpose of this circular is to provide the Shareholders with the relevant information for the purposes of seeking the approval of the Shareholders at the 2026 AGM for, amongst other things, the proposed (i) General Mandate, (ii) re-election of Directors, (iii) declaration of final dividend, (iv) renewal of the Share Purchase Mandate and (v) major transaction and interested person transaction and continuing connected transactions in relation to financial services agreement.

### 2. GENERAL MANDATE TO ISSUE SHARES

At the AGM held on 29 April 2025, Shareholders had approved a general mandate to enable the Directors to allot and issue Shares. The authority conferred on the Directors under such general mandate will expire on the date of the forthcoming 2026 AGM. An ordinary resolution as set out in the Notice of 2026 AGM will be proposed at the 2026 AGM, pursuant to Section 161 of the Act, the Listing Manual and the Hong Kong Listing Rules, to seek an approval of the Shareholders to authorise and empower the Directors to:

- (a) (i) issue Shares in the Company, 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 during the continuance of such authority or thereafter, including but not limited to the creation and issue (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 Board may, in their absolute discretion, deem fit; and
- (b) issue Shares in pursuance of any Instrument made or granted by the Board while such authority was in force (notwithstanding that such issue of the Shares pursuant to the Instruments may occur after the expiration of the authority contained in such ordinary resolution);

provided always, that subject to any applicable regulations as may be prescribed by the SGX-ST and the SEHK,

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## LETTER TO SHAREHOLDERS

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- (1) the aggregate number of Shares to be issued pursuant to such resolution approving the General Mandate (including Shares to be issued in pursuance of Instruments made or granted pursuant to such resolution approving the General Mandate) does not exceed 50% of the issued Shares in the capital of the Company (excluding treasury Shares and subsidiary holdings) (as calculated in accordance with subparagraph (2) below) of which the aggregate number of Shares to be issued other than on a pro-rata basis to Shareholders (including Shares to be issued in pursuance of Instruments made or granted pursuant to such resolution approving the General Mandate) does not exceed 20% of the issued Shares (excluding treasury Shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with subparagraph (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 percentage of issued Shares 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 such resolution approving the General Mandate, 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 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 General Mandate.

- (3) in exercising the authority conferred by the General Mandate, the Company shall comply with the provisions of the Listing Manual (unless such compliance has been waived by the SGX-ST), the Hong Kong Listing Rules and the Constitution; and

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## LETTER TO SHAREHOLDERS

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- (4) unless revoked or varied by the Shareholders in general meeting, such authority conferred by such resolution approving the General Mandate shall continue in force until the conclusion of the next annual general meeting of the Company following the passing of such resolution or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

Notwithstanding the above, it must be noted that the Hong Kong Listing Rules provide the General Mandate obtained from Shareholders in general meeting shall be subject to a restriction that the aggregate number of Shares allotted or agreed to be allotted under the General Mandate must not exceed 20% of the issued share capital of the Company (excluding treasury Shares and subsidiary holdings) as at the date the resolution approving the General Mandate. The Company will comply with the requirements under the Hong Kong Listing Rules or the Listing Manual for matters relating to general mandate, whichever is more onerous.

Any reference to an allotment or issue or offer of Shares above shall include the sale or transfer of treasury Shares in the capital of the Company (including such sale or transfer to satisfy any obligation upon the conversion or exercise of any convertible securities, options, warrants or similar rights to subscribe for Shares) to the extent permitted by, and subject to the provisions of, the Listing Manual, the Hong Kong Listing Rules and applicable laws and regulations.

As at the Latest Practicable Date, the Company had 2,575,665,726 Shares in issue and the maximum number of Shares that can be issued other than on a pro-rata basis to the Shareholders is 515,133,145 Shares, being 20% of the Shares in issue (assuming no Share is issued or repurchased after the Latest Practicable Date and up to the passing of the relevant resolution).

### **3. RE-ELECTION OF DIRECTORS**

Mr. Zhou Yuding, Mr. Ji Guanglin and Mr. Yang Xing, the Executive Directors, shall retire from the office of Director at the 2026 AGM in accordance with the Constitution and the Hong Kong Listing Rules. All the aforesaid retiring Directors, being eligible, will offer themselves for re-election at the 2026 AGM. Biographical details of the above-mentioned retiring Directors, which are required to be disclosed pursuant to the Hong Kong Listing Rules and the Listing Manual, are set out in Appendix A to this circular.

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## LETTER TO SHAREHOLDERS

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### **4. PROPOSED DECLARATION OF FINAL DIVIDEND**

The Board has resolved to recommend the payment of a final dividend of S\$0.011 per share tax exempt (one-tier) for the financial year ended 31 December 2025. Subject to approval of the Shareholders at the 2026 AGM, the final dividend will be declared payable to the Shareholders registered in the Share Transfer Books and Register of Members of the Company as at 5:00 p.m. on 8 May 2026 and the expected payment date is 29 May 2026.

Duly completed registrable transfers of Shares received by the Company's share registrar in Singapore, In.Corp Corporate Services Pte. Ltd., 36 Robinson Road #20-01 City House Singapore 068877, no later than 5:00 p.m. on 8 May 2026 will be registered before entitlements to the Final Dividend are determined.

Duly completed registrable transfers of Shares received by the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 8 May 2026 will be registered before entitlements to the Final Dividend are determined.

The exchange rate for converting S\$ into HK\$ for the purpose of the final dividend payment in HK\$ will be made by the Company in due course.

### **5. RENEWAL OF SHARE PURCHASE MANDATE**

At the AGM held on 29 April 2025, Shareholders had approved a share purchase mandate to enable the Company to purchase or otherwise acquire issued Shares. The authority conferred on the Directors under such share purchase mandate will expire on the date of the forthcoming 2026 AGM. An ordinary resolution will be proposed at the 2026 AGM to renew the share purchase mandate.

The details of the proposed renewal of the Share Purchase Mandate are set out in Appendix C to this circular.

### **6. MAJOR TRANSACTION AND INTERESTED PERSON TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS IN RELATION TO FINANCIAL SERVICES AGREEMENT**

Reference is made to the announcement of the Company dated 1 March 2026 in relation to a financial services agreement which constitutes a major transaction and interested person transaction and continuing connected transactions of the Company conditional upon Shareholders' approval.

The details of the major transaction and interested person transaction and continuing connected transactions in relation to financial services agreement are set out in Appendix D1 & D2 to this circular.

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## LETTER TO SHAREHOLDERS

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### **7. DIRECTORS' RECOMMENDATION**

The Directors are of the opinion that (i) the General Mandate; (ii) the proposed re-election of the retiring Directors; (iii) the proposed final dividend; (iv) the proposed renewal of Share Purchase Mandate; and (v) the major transaction and interested person transaction and continuing connected transactions in relation to the financial services agreement are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Shareholders vote in favour of the resolutions as set out in the Notice of 2026 AGM.

### **8. DIRECTORS' RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Manual and the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is complete and accurate in all material respects and not misleading or deceptive, and there are no other matters, the omission of which would make any statement in this circular misleading.

In accordance with the Listing Manual and the Hong Kong Listing Rules, the Directors collectively and individually accept full responsibility for the accuracy of the information given in this circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this circular constitutes full and true disclosure of all material facts about (i) the General Mandate; (ii) the proposed re-election of Directors; (iii) the proposed final dividend; (iv) the proposed renewal of the Share Purchase Mandate; and (v) the major transaction and interested person transaction and continuing connected transactions in relation to the financial services agreement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this circular misleading.

Where information in this circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this circular in its proper form and context.

### **9. AGM**

The Company will convene and hold the 2026 AGM at Conrad Singapore Marina Bay, Level 2, North Room, Two Temasek Boulevard, Singapore 038982 on Wednesday, 29 April 2026 at 10:00 a.m. at which resolutions will be proposed for the purpose of considering and if thought fit, approving the resolutions set out in the Notice of 2026 AGM as enclosed with this circular.

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## LETTER TO SHAREHOLDERS

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A form of proxy for use in connection with the 2026 AGM is enclosed herewith. If you do not intend to be present and vote at the 2026 AGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Share Registrar office in Singapore at In.Corp Corporate Services Pte. Ltd., 36 Robinson Road #20-01 City House Singapore 068877 (**for Singapore Shareholders**) or the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (**for Hong Kong Shareholders**), or if submitted electronically, be submitted via email to the following email address: shareregistry@incorp.asia or via the following URL: [https://conveneagm.com/sg/SIICEnv\\_AGM2026](https://conveneagm.com/sg/SIICEnv_AGM2026), as soon as possible and in any event not less than seventy-two (72) hours before the time appointed for the holding of the 2026 AGM or any adjournment thereof. The completion and delivery of a form of proxy will not preclude you from attending and voting at the AGM in person should you so wish. If you attend and vote at the AGM, the authority of your proxy will be revoked.

Pursuant to Rule 13.39(4) of the Hong Kong Listing Rules and the Constitution, voting by the Shareholders at the AGM will be by poll, except where the chairman of the AGM, in good faith, decides to allow a resolution which related purely to a procedural or administrative matter to be voted by a show of hands.

For the purpose of ascertaining Shareholders' entitlement to attend and vote (where applicable) at the 2026 AGM, the register of members of the Company will be closed from Thursday, 23 April 2026 to Wednesday, 29 April 2026, both days inclusive. All transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Singapore principal share registrar and transfer office, In.Corp Corporate Services Pte. Ltd. at 36 Robinson Road #20-01 City House Singapore 068877 (for Singapore Shareholders) no later than 5:00 p.m. on Wednesday, 22 April 2026, or the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for Hong Kong Shareholders) for registration no later than 4:30 p.m. on Wednesday, 22 April 2026. A Depositor's name must appear on the Depository Register maintained by the CDP as at 72 hours before the time fixed for holding the 2026 AGM in order for the Depositor to be entitled to vote at the AGM.

Yours faithfully

For and on behalf of the Board of Directors of  
**SIIC ENVIRONMENT HOLDINGS LTD.**

**Ji Guanglin**

*Executive Director*

Stated below are the details of the Directors who will retire and offer for re-election at the 2026 AGM in accordance with the Constitution.

**Mr. Zhou Yuding (周予鼎) (“Mr. Zhou”)**

Mr. Zhou, aged 52, is our Chairman of the Board, an Executive Director, the Chairman of the Executive Committee, a member of the Risk and Investment Management Committee and a member of the Remuneration Committee of the Company. He was first appointed as an executive Director on 23 February 2024 and was last re-elected on 29 April 2024. He is mainly responsible for overseeing the overall corporate strategy, strategic planning, and development of the Group.

Mr. Zhou has extensive experience in corporate management and asset management. He is a senior economist of the PRC. He is currently a director of Shanghai Research Institute of Building Sciences Group Co., Ltd. a company listed on the Shanghai Stock Exchange (stock code 603153)), a director and the General Manager of the Asset Management Department of Shanghai Industrial Investment (Holdings) Co., Ltd, a supervisor of Shanghai Pharmaceutical (Group) Co., Ltd., a director of Shanghai Shangtou Property Management Co., Ltd. (上海上投資產經營有限公司), a director of Shanghai Galaxy Investments Co., Ltd., a director of Shanghai SIIC Capital Management Co., Ltd. (上海上實資本管理有限公司), a director of Tianjin Trust Co., Ltd., the chairman of Nanfang Water Services Co., Ltd. and a director of Shanghai State-owned Capital Investment Parent Fund Co., Ltd. (上海國有資本母基金有限公司).

He has held several positions, including but not limited to the deputy director of the office, the deputy director of the allocation and guarantee division, the deputy director of the property rights management division and the director of the comprehensive coordination division of the Municipal Stated-owned Assets Supervision and Administration Commission of Shanghai.

Mr. Zhou graduated from Fudan University in July 1996 with a master’s degree in Management Information Systems.

No service contract has been entered into between Mr. Zhou and the Company but subject to retirement by rotation and re-election at AGM with the Constitution of the Company and the Hong Kong Listing Rules.

During the year ended 31 December 2025, Mr. Zhou did not receive any director fee. The remuneration of Mr. Zhou is determined by the Board having regard to the recommendations of the Remuneration Committee of the Company.

**Mr. Ji Guanglin (汲廣林) (“Mr. Ji”)**

Mr. Ji, aged 51, is our Executive Director and Chief Executive Officer, the Chairman of the Risk and Investment Management Committee and a member of Executive Committee of the Company. He was first appointed as an Executive Director of the Company on 26 July 2024 and was last re-elected on 29 April 2025. He is responsible for the overall management of the strategic, business, operational, administrative, financial and financing-related matters of the Group.

Mr. Ji worked in the Property Rights Management Office of Shanghai State-owned Assets Supervision and Administration Commission from July 2005 to June 2011 and served as the general manager of the marketing department and trading department of Shanghai United Equity Exchange from June 2011 to October 2014, the general manager of the asset management department and strategic planning department of Shanghai Chengtou Group (上海城投集團) from October 2014 to September 2016, the chairman of the board and the president of Shanghai Chengtou Holding Co., Ltd. (Stock code: 600649. SH) from September 2016 to July 2018, the deputy chief economist of Shanghai Chengtou Group from July 2018 to February 2021, the temporary deputy mayor of Qionghai City, Hainan Province from January 2019 to March 2020, the deputy general manager and general counsel (chief compliance officer) of Tianjin Chengtou Group (天津城投集團) and the chairman of the board of Tianjin Capital Environmental Protection Group Company Limited (Stock codes: 600649. SH and 1065. HK) from February 2021 to March 2024. He joined the Company in April 2024.

Mr. Ji obtained a master’s degree in law from Tsinghua University in July 2005 and a doctorate in philosophy from Fudan University in June 2011. He obtained the Chinese Lawyer Professional Qualification Certificate in 2000.

No service contract has been entered into between Mr. Ji and the Company but subject to retirement by rotation and re-election at AGM in accordance with the Constitution of the Company and the Hong Kong Listing Rules.

During the year ended 31 December 2025, Mr. Ji did not receive any director fee. The remuneration of Mr. Ji is determined by the Board having regard to the recommendations of the remuneration committee of the Company.

**Mr. Yang Xing (楊興) (“Mr. Yang”)**

Mr. Yang, aged 44, is our Executive Director. He was first appointed as an Executive Director of the Company on 20 October 2023 and was last re-elected on 29 April 2024. He is responsible for coordinating the relationships of the Group with government authorities.

Mr. Yang has extensive experience in corporate governance and finance fields. He had worked in the Accounting Center, Financial Innovation Department and General Manager’s Office of Aerospace Science & Industry Finance Co., Ltd. from October 2004 to January 2014, worked in the Comprehensive Management Department of Beijing Enterprises Group Finance Co., Ltd. from February 2014 to September 2014, the Head of the Comprehensive Management Department of CECEP Finance Co. Ltd. from November 2014 to January 2018, an assistant to the General Manager in CECEP Finance Co. Ltd. from February 2018 to August 2022.

Mr. Yang is currently the Deputy General Manager and the Head of Finance of CECEP (Hong Kong) Investment Co., Ltd., an Executive Director of Carbon Reserve Investments Limited and a Director of CECEP (Hong Kong) Treasury Management Co., Ltd. He is also the Vice President of the Hong Kong Green Finance Association and a member of the Board of the China Emissions Exchange.

Mr. Yang obtained a bachelor’s degree in Economics from Beihang University in June 2004 and a master’s degree in Financial Management from Beihang University in December 2019. He holds the title of Intermediate Economist and the qualification of Senior Information System Project Manager.

No service contract has been entered into between Mr. Yang and the Company but subject to retirement by rotation and re-election at AGM in accordance with the Constitution of the Company and the Hong Kong Listing Rules.

During the year ended 31 December 2025, Mr. Yang did not receive any director fee. The remuneration of Mr. Yang is determined by the Board having regard to the recommendations of the remuneration committee of the Company.

Save as disclosed above, Mr. Zhou, Mr. Ji and Mr. Yang (i) were not interested nor deemed to be interested in any shares or underlying shares of the Company or its associated corporations within the meaning of Part XV of the SFO; (ii) had not held any other directorships in the last three years in any listed public company in Hong Kong or overseas; (iii) were not related to any Directors, senior management, substantial Shareholders or controlling Shareholders; and (iv) did not hold any other positions in the Company and its subsidiary as at the Latest Practicable Date.

Save as disclosed herein, there are no other matters that need to be brought to the attention of the Shareholders in connection with the re-election of Mr. Zhou, Mr. Ji and Mr. Yang as Directors and there is no other information in relation to Mr. Zhou, Mr. Ji and Mr. Yang that should be disclosed pursuant to Rule 13.51(2) (h) to (v) of the Hong Kong Listing Rules.

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**APPENDIX B                      STATISTICS OF SHAREHOLDING AS AT 3 MARCH 2026**

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<b>Number of Shares</b>	:	2,575,665,726
<b>Number of Treasury Shares and Percentage</b>	:	Nil
<b>Number of Subsidiary Holdings and Percentage</b>	:	Nil
<b>Class of shares</b>	:	Ordinary Shares
<b>Voting rights</b>	:	One vote per share

**DISTRIBUTION OF SHAREHOLDINGS**

SIZE OF SHAREHOLDINGS	NO. OF		NO. OF SHARES	
	SHAREHOLDERS	%		%
1 – 99	39	2.49	738	0.00
100 – 1,000	200	12.75	98,560	0.01
1,001 – 10,000	531	33.86	2,903,805	0.11
10,001 – 1,000,000	717	45.73	73,746,022	2.86
1,000,001 AND ABOVE	81	5.17	2,498,916,601	97.02
<b>TOTAL</b>	<b>1,568</b>	<b>100.00</b>	<b>2,575,665,726</b>	<b>100.00</b>

## APPENDIX B      STATISTICS OF SHAREHOLDING AS AT 3 MARCH 2026

### TWENTY LARGEST SHAREHOLDERS

No.	NAME	NO. OF SHARES	%
1	S.I. TRIUMPH POWER LIMITED	709,589,551	27.55
2	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	329,707,920	12.80
3	UBS SECURITIES HONG KONG LTD	283,479,000	11.01
4	BOCI SECURITIES LTD	262,561,217	10.19
5	S.I. INFRASTRUCTURE HOLDINGS LIMITED	165,418,475	6.42
6	OCBC SECURITIES BROKERAGE (HK) LTD	116,137,900	4.51
7	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	82,466,115	3.20
8	GUOYUAN SECURITIES BROKERAGE (HONG KONG) LIMITED	76,078,400	2.95
9	CGS INTERNATIONAL SECURITIES HK LTD	42,463,000	1.65
10	DBS NOMINEES (PRIVATE) LIMITED	36,603,853	1.42
11	CHINA GALAXY INTERNATIONAL SECURITIES (HONG KONG) COMPANY LIMITED	27,565,000	1.07
12	STANDARD CHARTERED BANK (HONG KONG) LIMITED	24,134,300	0.94
13	BANK OF CHINA (HONG KONG) LIMITED	23,778,000	0.92
14	CITIBANK N. A.	20,482,636	0.80
15	RAFFLES NOMINEES (PTE.) LIMITED	20,113,190	0.78
16	INTERACTIVE BROKERS HONG KONG LIMITED	14,707,328	0.57
17	PHILLIP SECURITIES PTE LTD	13,120,857	0.51
18	HSBC BROKING SECURITIES (HONG KONG) LIMITED	12,150,000	0.47
19	CITIC SECURITIES BROKERAGE (HK) LTD	11,522,000	0.45
20	CMB INTERNATIONAL SECURITIES LTD	11,019,694	0.43
	<b>TOTAL</b>	<b>2,283,098,436</b>	<b>88.64</b>

## APPENDIX B      STATISTICS OF SHAREHOLDING AS AT 3 MARCH 2026

### Substantial Shareholders as at 3 March 2026

(As recorded in the Register of Substantial Shareholders)

	Direct		Deemed	
	Number of Shares	%	Number of Shares	%
S. I. Triumph Power Limited (“ <b>Triumph</b> ”) <sup>(1)</sup>	986,929,551	38.32	–	–
S. I. Infrastructure Holdings Limited (“ <b>SIH</b> ”) <sup>(1)</sup>	165,418,475	6.42	986,929,551	38.32
SIHL Treasury Limited <sup>(1)</sup>	116,137,900	4.51	–	–
Shanghai Industrial Holdings Limited (“ <b>SIHL</b> ”) <sup>(1)</sup>	–	–	1,268,485,926	49.25
Shanghai Investment Holdings Limited <sup>(1)</sup>	–	–	1,268,485,926	49.25
Shanghai Industrial Investment Treasury Company Limited <sup>(1)</sup>	–	–	1,268,485,926	49.25
SIIC Trading Company Limited <sup>(1)</sup>	22,358,000	0.87	–	–
Shanghai Industrial Investment (Holdings) Company Limited (“ <b>SIIC</b> ”) <sup>(1)</sup>	–	–	1,290,843,926	50.12
Golden Bell International Holdings Limited <sup>(1)</sup>	–	–	1,290,843,926	50.12
SIIC Shanghai (Holdings) Co., Ltd. <sup>(1)</sup>	–	–	1,290,843,926	50.12
China Energy Conservation & Environmental Protection (Hong Kong) Investment Co., Limited (“ <b>CECEPHK</b> ”) <sup>(2)</sup>	223,712,917	8.69	–	–
China Energy Conservation and Environmental Protection Group (“ <b>CECEP</b> ”) <sup>(2)</sup>	–	–	223,712,917	8.69
Value Partners Limited (“ <b>VPL</b> ”) <sup>(3)</sup>	7,524,940	0.29	–	–
Value Partners Hong Kong Limited (“ <b>VPLHK</b> ”) <sup>(3)</sup>	224,075,980	8.70	7,524,940	0.29
Value Partners Group Limited (“ <b>VPGL</b> ”) <sup>(3)</sup>	–	–	231,600,920	8.99
Cheah Capital Management Limited (“ <b>CCML</b> ”) <sup>(3)</sup>	–	–	231,600,920	8.99
Cheah Company Limited <sup>(3)</sup>	–	–	231,600,920	8.99
BNP Paribas Jersey Trust Corporation Ltd as trustee of The C H Cheah Family Trust <sup>(3)</sup>	–	–	231,600,920	8.99
BNP Paribas Jersey Nominee Company Limited <sup>(3)</sup>	–	–	231,600,920	8.99
Cheah Cheng Hye <sup>(3)</sup>	–	–	231,600,920	8.99
To Hau Yin <sup>(3)</sup>	–	–	231,600,920	8.99

*Notes:*

- (1) The Shanghai Municipal People's Government, owns all the issued and paid-up share capital of SIIC Shanghai (Holdings) Co., Ltd., which in turn owns all the issued and paid-up share capital in Golden Bell International Holdings Limited, which in turn owns all the issued and paid-up share capital in Shanghai Industrial Investment (Holdings) Company Limited. As such, SIIC Shanghai (Holdings) Co., Ltd. and Golden Bell International Holdings Limited are deemed to be interested in a total of 1,290,843,926 Shares by virtue of their interest with Shanghai Industrial Investment (Holdings) Company Limited.

Shanghai Industrial Investment (Holdings) Company Limited also holds more than 20% of the issued and paid-up share capital of SIHL, which owns all the issued and paid-up share capital of SII, which in turn owns all the issued and paid-up share capital of Triumph. In addition, SIHL owns all the issued and paid-up share capital of SIHL Treasury Limited. As such, Shanghai Industrial Investment (Holdings) Company Limited, Shanghai Investment Holdings Limited, SIHL and SII are deemed to be interested in the shares held by Triumph and SIHL Treasury Limited (excluding SII).

Shanghai Investment Holdings Limited is directly interested in approximately 47.77% of the total issued share capital of SIHL and is indirectly interested in approximately 7.36% of the total issued share capital of SIHL through its wholly-owned subsidiary SIIC Capital (B. V. I.) Limited. Shanghai Industrial Investment Treasury Company Limited is directly interested in 100% of the total issued share capital of Shanghai Investment Holdings Limited. In addition, SIIC is interested in approximately 63% of the total issued share capital of SIHL through its directly and indirectly wholly-owned subsidiaries. Therefore, each of SIIC, Shanghai Industrial Investment Treasury Company Limited and Shanghai Investment Holdings Limited is deemed to be interested in a total of 1,290,843,926 Shares by virtue of their interests in SIHL.

- (2) CECEPHK is deemed interested in the shares held through account of BOCI Securities Limited in CCASS Depository. BOCI Securities Limited is the agency of CECEPHK. CECEP is deemed to be interested in the Shares held by CECEPHK as CECEP owns the entire issued share capital of CECEPHK.
- (3) VPL is a fund manager deemed to be interested in the Shares by reason of Shares held directly by the funds under its management. CCML is deemed to be interested in the Shares via its 21.82% ownership in VPGL. VPGL is deemed to be interested in the Shares via its 100% ownership in VPLHK. VPLHK is deemed to be interested in the Shares via its 100% ownership in VPL. CCL is deemed to be interested in the Shares via its 100% ownership in CCML. BNP Paribas Jersey Nominee Company Limited holds the shares in CCL as nominee for BNP Paribas Jersey Trust Corporation Limited. Cheah Cheng Hye is deemed to be interested in the Shares in his capacity as the founder of a discretionary trust (“**The C H Cheah Family Trust**”) with BNP Paribas Jersey Trust Corporation Limited as the Trustee. To Hau Yin is deemed to be interested in the Shares in her capacity as the beneficiary of The C H Cheah Family Trust.

**SHAREHOLDINGS HELD BY THE PUBLIC**

Based on the information available to the Company as at 3 March 2026, 32.16% of the issued ordinary shares of the Company are held by the public. Accordingly, the Company had complied with Rule 723 of the Listing Manual of the SGX-ST and Rule 8.08 of the Hong Kong Listing Rules of the SEHK.

**APPENDIX DATED 27 MARCH 2026**

**This Appendix is issued by SIIC ENVIRONMENT HOLDINGS LTD. (the “Company”). If you are in any doubt as to the contents herein or as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

This Appendix is circulated to the shareholders of the Company (the “Shareholders”) together with the circular to the Shareholders of the Company dated 27 March 2026. Its purpose is to provide the Shareholders with information relating to and explaining to Shareholders the rationale for the proposed renewal of the Share Purchase Mandate (as defined herein) to be tabled at the Annual General Meeting of the Company to be held at Conrad Singapore Marina Bay, Level 2, North Room, Two Temasek Boulevard, Singapore 038982 on 29 April 2026 at 10.00am (the “**2026 AGM**”). The Notice of the 2026 AGM and the accompanying Proxy Form are to be circulated to the Shareholders together with this Appendix.

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward this Appendix and the Notice of the 2026 AGM and the accompanying Proxy Form immediately to the purchaser, transferee or the stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Appendix, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Appendix.

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) takes no responsibility for the accuracy of or the correctness of any of the statements or opinions made or reports contained in this circular.



*(Incorporated in the Republic of Singapore with limited liability)*

*(Company Registration Number 200210042R)*

**(Hong Kong stock code: 807)**

**(Singapore stock code: BHK)**

**APPENDIX TO  
THE CIRCULAR TO THE SHAREHOLDERS OF THE COMPANY DATED 27  
MARCH 2026 IN RELATION TO  
THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE**

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This document is an appendix to the circular to the Shareholders of the Company dated 27 March 2026. If you do not intend to attend and/or be present and vote at the 2026 AGM, (i) Singapore Shareholders are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company’s Share Registrar office in Singapore at In.Corp Corporate Services Pte. Ltd., 36 Robinson Road #20-01 City House Singapore 068877 (**for Singapore Shareholders**), or (ii) the Company’s Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (**for Hong Kong Shareholders**) or if submitted electronically, be submitted via email to the following email address: [shareregistry@incorp.asia](mailto:shareregistry@incorp.asia) or via the following URL: [https://conveneagm.com/sg/SIICEnv\\_AGM2026](https://conveneagm.com/sg/SIICEnv_AGM2026), as soon as possible and in any event not less than seventy-two (72) hours before the time appointed for holding the 2026 AGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting at the 2026 AGM in person should you wish so. If you attend and vote at the 2026 AGM, the authority of your proxy will be revoked.

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## DEFINITIONS

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Except where the context otherwise requires, the following definitions apply throughout the Appendix:

- “2026 AGM”** : The AGM to be held at Conrad Singapore Marina Bay, Level 2, North Room, Two Temasek Boulevard, Singapore 038982 on 29 April 2026 at 10.00 a.m., or any adjournment thereof
- “Act”** : The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
- “AGM”** : Annual general meeting of the Company
- “Annual Report”** : The annual report of the Company for the FY2025
- “Appendix”** : This appendix to the circular to Shareholders dated 27 March 2026
- “Board”** : The board of Directors for the time being
- “CCASS”** : Central Clearing and Settlement System
- “CDP”** : The Central Depository (Pte) Limited
- “close associate(s)”** : Has the same meaning ascribed to it under the Hong Kong Listing Rules
- “Code”** : The Singapore Code on Take-over and Mergers, as amended, modified or supplemented from time to time
- “Company”** : SIIC ENVIRONMENT HOLDINGS LTD.
- “Constitution”** : The Constitution of the Company, as amended, modified or supplemented from time to time
- “core connected person(s)”** : Has the same meaning ascribed to it under the Hong Kong Listing Rules
- “Directors”** : The directors of the Company for the time being
- “EPS”** : Earnings per share

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## DEFINITIONS

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<b>“FY”</b>	:	The financial year of the Company ended or ending 31 December of a particular year
<b>“Group”</b>	:	The Company together with its Subsidiaries
<b>“Hong Kong”</b>	:	The Hong Kong Special Administrative Region of the PRC
<b>“Hong Kong Listing Rules”</b>	:	The Rules Governing the Listing of Securities on the SEHK
<b>“Hong Kong Repurchase Code”</b>	:	The Hong Kong Code on Share Buy-backs
<b>“Latest Practicable Date”</b>	:	3 March 2026, being the latest practicable date for the purposes of this circular
<b>“Listing Manual”</b>	:	The Listing Manual of the SGX-ST
<b>“Market Day”</b>	:	A day on which the SGX-ST or the SEHK is open for securities trading
<b>“NTA”</b>	:	Net tangible assets
<b>“Off-Market Share Purchase”</b>	:	A Share Purchase by the Company effected pursuant to an equal access scheme for the purchase of Shares from the Shareholders in accordance with Section 76C of the Act
<b>“On-Market Share Purchase”</b>	:	On-market purchases transacted through the SGX-ST’s trading system or on another stock exchange on which the Company’s Shares are listed
<b>“PRC”</b>	:	The People’s Republic of China
<b>“SEHK”</b>	:	The Stock Exchange of Hong Kong Limited
<b>“SGX-ST”</b>	:	The Singapore Exchange Securities Trading Limited
<b>“Share Purchase”</b>	:	Purchase of Shares by the Company pursuant to the Share Purchase Mandate

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## DEFINITIONS

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- “Share Purchase Mandate”** : General mandate from the Shareholders to authorise the Directors to exercise all the powers of the Company to purchase Shares in accordance with the terms set out in this Appendix and Resolution 9 of the Notice of the 2026 AGM
- “Shareholders”** : Registered holder of the Shares or where CDP is the registered holder, the term “Shareholders” shall in relation to such Shares and where the context admits, mean the Depositors who have the Shares entered against their names in the Depository Register
- “Shares”** : Ordinary shares in the capital of the Company
- “Subsidiaries”** : A company (whether incorporated within or outside Singapore and wheresoever resident) being a subsidiary for the time being of the Company within the meaning of Section 5 of the Act and “Subsidiary” shall be construed accordingly
- “subsidiary holdings”** : shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Act
- “Substantial Shareholder”** : In relation to the Company, a person who has an interest in one or more voting Shares (excluding treasury Shares) and the total votes attached to such Share(s) is not less than five per cent. (5%) of the total votes attached to all the voting Shares (excluding treasury Shares) in the capital of the Company
- “Takeovers Code”** : The Hong Kong Code on Takeovers and Mergers
- “Treasury Share(s)”** : A Share that was (or is treated as having been) acquired purchased and held by the Company in treasury in circumstances in which section 76H of the Act applies and has been held continuously by the Company since it was so acquired purchased and has not been cancelled, as authorised by Singapore laws and the Constitution

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## DEFINITIONS

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### Currencies, Units of Measurement and Others

“HK\$”	:	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	:	PRC Renminbi
“S\$” and “cents”	:	Singapore dollars and cents, respectively, the lawful currency of Singapore
“%” or “per cent.”	:	Per centum or percentage

The terms “**Depositor**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act 2001 of Singapore.

Words importing the singular shall where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

Any reference in this Appendix to any enactment, the Listing Manual, the Hong Kong Listing Rules, the Hong Kong Repurchase Code, the Takeovers Code or the Code is a reference to that respective enactment, the Listing Manual, the Hong Kong Listing Rules, the Hong Kong Repurchase Code, the Takeovers Code or the Code, as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof or the Listing Manual or the Hong Kong Listing Rules or the Hong Kong Repurchase Code or the Takeovers Code or the Code, and used in this Appendix shall, where applicable, have the meaning assigned to it under the said Act or any modification thereof or the Listing Manual or the Hong Kong Listing Rules or the Hong Kong Repurchase Code or the Takeovers Code or the Code, as the case may be.

Any reference to a time of day in this Appendix shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in figures included in this Appendix between the amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

Rajah & Tann Singapore LLP is the legal adviser to the Company as to Singapore laws and Ashurst Hong Kong is the legal adviser to the Company as to Hong Kong laws in relation to the matters set out in this Appendix.

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LETTER TO SHAREHOLDERS

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***Chairman of the Board, Executive Director:***

Mr. Zhou Yuding

***Chief Executive Officer, Executive Director:***

Mr. Ji Guanglin

***Executive Directors:***

Mr. Yang Xing

Mr. Wang Xiwang

***Lead Independent Non-Executive Director:***

Dr. Kimmis Pun Kim Ming

***Independent Non-Executive Directors:***

Mr. An Hongjun

Mr. Zhong Ming

***Headquarters, Registered Office and***

***Principal Place of Business in Singapore:***

One Temasek Avenue

#37-02 Millenia Tower

Singapore 039192

***Principal Place of Business in Hong Kong:***

Room 1601, 16th Floor

Wing On Centre

111 Connaught Road Central

Hong Kong

27 March 2026

*To: The Shareholders*

Dear Sir/Madam

**THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE**

We refer to the circular to the Shareholders dated 27 March 2026, convening the 2026 AGM and Resolution 9 set out under “Special Business” in the Notice of the 2026 AGM (“**Resolution 9**”).

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# LETTER TO SHAREHOLDERS

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## 1. BACKGROUND

At the annual general meeting of the Company held on 29 April 2025 (“**2025 AGM**”), Shareholders had approved the renewal of the share purchase mandate to enable the Company to purchase or otherwise acquire issued Shares. The authority conferred on the Directors under the share purchase mandate at the 2025 AGM will expire on the date of the forthcoming 2026 AGM. The resolution relating to the proposed renewal of the Share Purchase Mandate is set out in Resolution 9.

The purpose of this Appendix is to provide the Shareholders with the relevant information in relation to the proposed renewal of the Share Purchase Mandate and to seek the approval of the Shareholders at the 2026 AGM for the proposed renewal of the Share Purchase Mandate.

## 2. RATIONALE FOR THE SHARE PURCHASE MANDATE

The Share Purchase Mandate will give the Company the opportunity and flexibility to undertake Share Purchases if and when circumstances permit with a view to, depending on market conditions and funding arrangements improving, inter alia, its return on equity. Share Purchases provide the Company with an easy mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient and cost-efficient manner.

The Company will only make Share Purchases pursuant to the Share Purchase Mandate when it considers it to be in the interests of the Company and in circumstances which it believes will not result in any material adverse effect on the financial position of the Company or the Group, and/or affect the listing status of the Company on the SGX-ST or the SEHK or result in the Company being insolvent.

## 3. AUTHORITY AND LIMITS ON THE SHARE PURCHASE MANDATE

### 3.1 The authority and limitations placed on the Share Purchase Mandate, if renewed at the 2026 AGM, are set out below:

#### (a) *Maximum Number of Shares*

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than ten per cent. (10%) of the total number of issued Shares excluding Treasury Shares and subsidiary holdings in the Company as at the date of the 2026 AGM (“**Approval Date**”). Treasury Shares and subsidiary holdings will be disregarded in the computation of the 10% limit.

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## LETTER TO SHAREHOLDERS

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As at the Latest Practicable Date, the Company has no Treasury Shares or subsidiary holdings. Purely for illustrative purposes, on the basis of the existing issued share capital (excluding Treasury Shares and subsidiary holdings) of the Company as the Latest Practicable Date of 2,575,665,726 Shares, and assuming that, no further Shares are issued or repurchased by the Company after the Latest Practicable Date and up to the Approval Date, not more than approximately 257,566,572 Shares (representing approximately ten per cent. (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 the relevant resolution at the 2026 AGM) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate.

**(b) *Duration of Authority***

Share Purchases may be made, at any time and from time to time, on and from the Approval Date, 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;
- (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) *Manner of Share Purchases***

- (i) Share Purchases may be made by way of:
  - (1) an On-Market Share Purchase (through normal ready counters and/or special trading counter); and/or
  - (2) an Off-Market Share Purchase effected pursuant to an equal access scheme.

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## LETTER TO SHAREHOLDERS

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- (ii) An equal access scheme under an Off-Market Share Purchase must satisfy all the following conditions:
  - (1) offers for the Share Purchases shall be made to every person who holds issued Shares to purchase or acquire the same percentage of their issued Shares;
  - (2) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made; and
  - (3) the terms of all the offers shall be the same, except that there shall be disregarded:
    - (A) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
    - (B) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid (if applicable); and
    - (C) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.
- (iii) In addition, the Listing Manual provides that, in making an Off-Market Share Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:
  - (1) the terms and conditions of the offer;
  - (2) the period and procedures for acceptance; and
  - (3) information required under Rules 883(2), (3), (4), (5) and (6) of the Listing Manual.
- (iv) In Hong Kong, companies with a primary listing of its equity securities in Hong Kong may only engage an Off-Market Share Purchase approved in accordance with Rule 2 of the Hong Kong Repurchase Code. According to the Hong Kong Repurchase Code, Off-Market Share Purchases must be approved by the executive director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong before a repurchasing company acquires any shares pursuant to such Share Purchases. Such approval will normally be

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## LETTER TO SHAREHOLDERS

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conditional upon, amongst others, approval of the proposed Off-Market Share Purchase by at least three-fourths of the votes cast on a poll by disinterested shareholders in attendance in person or by proxy at a general meeting of shareholders duly convened and held to consider the proposed transaction. The repurchasing company should also comply with such other applicable requirements under the Hong Kong Repurchase Code. Accordingly, even if the Share Purchase Mandate shall have been approved by Shareholders at the 2026 AGM, the Company will still be required to convene a general meeting to seek specific approval from the Shareholders in the event it wishes to conduct an Off-Market Share Purchase in compliance with the applicable requirements of the Hong Kong Repurchase Code.

**(d) Maximum Purchase Price**

- (i) The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors.
- (ii) However, the purchase price to be paid for the Shares pursuant to the Share Purchase Mandate must not exceed:
  - (1) in the case of an On-Market Share Purchase, One Hundred and Five per cent. (105%) of the Average Closing Price (as defined below) of the Shares; and
  - (2) in the case of an Off-Market Share Purchase, One Hundred and Twenty per cent. (120%) of the Average Closing Price of the Shares, (the “**Maximum Price**”)
- (iii) For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days (a “**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 the On-Market Share Purchase or, as the case may be, the date of the offer pursuant to the Off-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs during 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; and

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## LETTER TO SHAREHOLDERS

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“**Date of making of the offer**” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of the Shares to holders of the Shares, stating the purchase price (which shall not be more than the Maximum Price determined on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Purchase.

### **3.2 Status of purchased Shares**

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a Treasury Share.

Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as Treasury Shares.

#### ***Shares repurchased by the Company***

As the Company is concurrently primary listed on the SGX-ST and SEHK, the Company is required to comply with the relevant Singapore and Hong Kong laws, the Listing Manual and the Hong Kong Listing Rules.

The Company may cancel Shares repurchased or hold Shares repurchased as Treasury Shares, subject to market conditions and the Group’s capital management needs at the relevant time of the repurchase(s).

For the Treasury Shares deposited with CCASS pending resale on the SEHK, the Company shall: (i) procure its broker not to give any instructions to HKSCC Nominees Limited to vote at general meetings of the Company for the Treasury Shares deposited with CCASS; (ii) in the case of dividends or distributions, withdraw the Treasury Shares from CCASS, and either re-register them in its own name as Treasury Shares or cancel them, in each case before the record date for the dividends or distributions; and (iii) take any other appropriate measures to ensure that it will not exercise any shareholders’ rights or receive any entitlements which would otherwise be suspended under the applicable laws if those Shares were registered in its own name as Treasury Shares.

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## LETTER TO SHAREHOLDERS

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### 3.3 Reporting requirements

- (a) Rule 886(1) of the Listing Manual specifies that a listed company shall notify the SGX-ST of all purchases or acquisitions of its shares not later than 9.00 a.m.:
  - (i) in the case of an On-Market Share Purchase, on the Market Day following the day on which the On-Market Share Purchase was made; and
  - (ii) in the case of an Off-Market Share Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

The notification of such purchases or acquisitions of Shares to the SGX-ST shall be in such form of Appendix 8.3.1 to the Listing Manual (or Appendix 8.3.2 for a company with a dual-listing on another stock exchange) and shall include such details that the SGX-ST may prescribe.

Under the Hong Kong Listing Rules, after a listed issuer has made a purchase of its shares whether on the SEHK or otherwise, the listed issuer shall:

- (b) submit for publication to the SEHK not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following any day on which the issuer makes a purchase of shares (whether on the SEHK or otherwise), the total number of shares purchased by the issuer the previous day, the purchase price per share or the highest and lowest prices paid for such purchases of shares, where relevant; whether the purchased shares are cancelled following settlement of any such purchase or held as treasury (and, where applicable, the reasons for any deviation from the intention statement previously disclosed by the issuer under Rule 10.06(1)(b)(xii) of the Hong Kong Listing Rules); and a confirmation that those purchases of shares which were made on the SEHK were made in accordance with the Hong Kong Listing Rules and if the issuer's primary listing is on the SEHK, that there have been no material changes to the particulars contained in the explanatory statement issued by the listed issuer in relation to the mandate pursuant to which such purchase of shares is made. In respect of purchases of shares made on another stock exchange, the issuer's report must confirm that those purchases were made in accordance with the domestic rules applying to purchases on that other stock exchange. Such reports shall be made on a return in such form and containing such information as the SEHK may from time to time prescribe. In the event that no shares are purchased on any particular day then no return need be made to the SEHK; and

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- (c) include in its annual report and accounts a monthly breakdown of purchases of shares made during the financial year under review showing the number of shares purchased each month (whether on the SEHK or otherwise) and the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate price paid by the issuer for such purchases. The section headed “Report of Directors” in the annual report shall contain reference to the purchases made during the year and the reasons for making such purchases.

### **3.4 Source of Funds**

In purchasing or acquiring Shares pursuant to the Share Purchase Mandate, the Company may only apply funds legally available for such purchase in accordance with relevant Singapore and Hong Kong laws, the Listing Manual, the Hong Kong Listing Rules and the Constitution. Under the Act, any payment made by the Company in consideration of the purchase or acquisition of its Shares may be made out of the Company’s capital and/or profits so long as the Company is solvent.

The Company intends to use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance purchases or acquisitions of its Shares. The Directors do not propose to exercise the Share Purchase Mandate to such extent that it would materially affect the working capital requirements, financial flexibility or investment ability of the Group.

## **4. ILLUSTRATIVE FINANCIAL EFFECTS**

Under the Act, purchases or acquisitions of Shares by the Company may be made out of the Company’s capital or profits.

Where the purchased Shares are cancelled (as is required under the Hong Kong Listing Rules), a reduction by the total amount of the purchase price paid by the Company for the Shares cancelled will be made to:

- (a) the share capital of the Company where the Shares were purchased out of the capital of the Company;
- (b) the profits of the Company where the Shares were purchased out of the profits of the Company; or
- (c) the share capital and profits of the Company proportionately where the Shares were purchased out of both the capital and profits of the Company.

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Where the purchased Shares are held as Treasury Shares, the total number of issued Shares of the Company remains unchanged.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The amount of funding required for the Company to purchase or acquire its Shares and the financial impact on the Company and the Group arising from purchases of Shares which may be made pursuant to the Share Purchase Mandate will depend on, inter alia, the aggregate number of Shares purchased or acquired and the consideration paid at the relevant time.

The impact of purchases or acquisitions under the Share Purchase Mandate, including on NTA per Share, EPS and gearing of the Company and the Group will depend, inter alia, on the number of Shares purchased or acquired, the price at which they are purchased or acquired and the manner in which the purchase or acquisition is funded. It is therefore not possible to realistically calculate or quantify the impact at this point of time.

**For purposes of illustration only**, based on the existing number of Shares of the Company as at the Latest Practicable Date, the proposed Share Purchases or acquisitions by the Company of up to a maximum of ten per cent. (10%) of the total number of issued shares excluding Treasury Shares and subsidiary holdings in the Company under the Share Purchase Mandate will result in the purchase of up to 257,566,572 Shares.

In the case of an On-Market Share Purchase by the Company, based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date and the assumption that, pursuant to the Share Purchase Mandate, the Company purchases the maximum number of 257,566,572 Shares at the Maximum Price of S\$0.162 per Share (being the price equivalent to five per cent. (5%) above the Average Closing Price immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 257,566,572 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S\$41,725,785 (or RMB225,667,000 based on an exchange rate of RMB1: S\$0.1849, being the closing exchange rate as at the Latest Practicable Date).

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In the case of Off-Market Share Purchase by the Company, based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date and the assumption that, pursuant to the Share Purchase Mandate, the Company purchases the maximum number of 257,566,572 Shares at the Maximum Price of S\$0.186 per Share (being the price equivalent to twenty per cent. (20%) above the Average Closing Price immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of 257,566,572 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) is approximately S\$47,907,382 (or RMB259,099,000 based on an exchange rate of RMB1: S\$0.1849, being the closing exchange rate as at the Latest Practicable Date)

On the basis of the assumptions set out above and the following:

- (a) the Share Purchase Mandate had been effective on the Latest Practicable Date and the Company had purchased the maximum of 257,566,572 Shares representing ten per cent. (10%) of the total number of issued shares excluding Treasury Shares and subsidiary holdings in the Company as at the Latest Practicable Date out of profits and capital; and
- (b) the consideration for the purchase or acquisition of the Shares is funded by internal funds, an illustration of the financial impact of Share Purchases by the Company pursuant to the Share Purchase Mandate on the Group and the Company's audited accounts for FY2025 is set out as follows:
- (i) **Purchases made entirely out of profits and cancelled**

	Before Share Group			Company Before Share		
	Purchase	After Share	Purchase	Purchase	After Share	Purchase
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
As at 31 December 2025 Share Capital	5,920,175	5,920,175	5,920,175	5,920,175	5,920,175	5,920,175
Other Reserves	(232,385)	(232,385)	(232,385)	-	-	-
Retained earnings	4,657,534	4,431,867	4,398,435	(130,265)	(355,932)	(389,364)
Shareholders' funds	10,345,324	10,119,657	10,086,225	5,789,910	5,564,243	5,530,811
Non-controlling interest	5,631,557	5,631,557	5,631,557	-	-	-
Total equity	<u>15,976,881</u>	<u>15,751,214</u>	<u>15,717,782</u>	<u>5,789,910</u>	<u>5,564,243</u>	<u>5,530,811</u>

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	Before Share Group			Company Before Share		
		After Share	Purchase		After Share	Purchase
	Purchase	On-Market	Off-Market	Purchase	On-Market	Off-Market
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
NTA	16,190,099	15,964,432	15,931,000	6,512,688	6,287,021	6,253,589
Current Assets	11,936,969	11,711,302	11,677,870	334,455	108,788	75,356
Current Liabilities	7,372,391	7,372,391	7,372,391	2,837,337	2,837,337	2,837,337
Working Capital	<u>4,564,578</u>	<u>4,338,911</u>	<u>4,305,479</u>	<u>(2,502,882)</u>	<u>(2,728,549)</u>	<u>(2,761,981)</u>
Total Borrowings	21,657,763	21,657,763	21,657,763	5,754,457	5,754,457	5,754,457
Net Profit Attributable to Owners of the						
Company	610,436	610,436	610,436	91,978	91,978	91,978
Number of Shares net of treasury shares	2,575,665,726	2,318,099,154	2,318,099,154	2,575,665,726	2,318,099,154	2,318,099,154
Financial Ratio						
NTA Per Share <i>(RMB cents)</i>	628.58	688.69	687.24	252.85	271.21	269.77
EPS <i>(RMB cents)</i>	23.70	26.33	26.33	3.57	3.97	3.97
Gearing <i>(times)</i>	1.36	1.37	1.38	0.99	1.03	1.04
Current Ratio <i>(times)</i>	<u>1.62</u>	<u>1.59</u>	<u>1.58</u>	<u>0.12</u>	<u>0.04</u>	<u>0.03</u>

*Notes:*

- (1) Excludes goodwill of RMB457.2 million and intangible assets in relation to patent and licensing rights and computer software of RMB14.1 million. Includes operating concessions of RMB12,548.8 million.
- (2) Includes bank and other borrowings, finance lease and bills payable to banks.
- (3) Based on the number of Shares issued (excluding Treasury Shares) as at the Latest Practicable Date and adjusted for the effect of the Share Purchases.
- (4) Gearing equals total borrowings divided by total equity.
- (5) Current ratio equals current assets divided by current liabilities.
- (6) For illustration purposes, NTA per share and EPS are computed based on actual number of Shares in issue less Treasury Shares instead of weighted average number of Shares.

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### (ii) Purchases made entirely out of capital and cancelled

	Before Share Group			Company Before Share		
		After Share	Purchase		After Share	Purchase
	Purchase (RMB'000)	On-Market (RMB'000)	Off-Market (RMB'000)	Purchase (RMB'000)	On-Market (RMB'000)	Off-Market (RMB'000)
As at 31 December 2025 Share Capital	5,920,175	5,694,508	5,661,076	5,920,175	5,694,508	5,661,076
Other Reserves	(232,385)	(232,385)	(232,385)	-	-	-
Retained Earnings	4,657,534	4,657,534	4,657,534	(130,265)	(130,265)	(130,265)
Shareholders' Funds	10,345,324	10,119,657	10,086,225	5,789,910	5,564,243	5,530,811
Non-Controlling Interest	5,631,557	5,631,557	5,631,557	-	-	-
Total Equity	<u>15,976,881</u>	<u>15,751,214</u>	<u>15,717,782</u>	<u>5,789,910</u>	<u>5,564,243</u>	<u>5,530,811</u>
NTA	16,190,099	15,964,432	15,931,000	6,512,688	6,287,021	6,253,589
Current Assets	11,936,969	11,711,302	11,677,870	334,455	108,788	75,356
Current Liabilities	<u>7,372,391</u>	<u>7,372,391</u>	<u>7,372,391</u>	<u>2,837,337</u>	<u>2,837,337</u>	<u>2,837,337</u>
Working Capital	<u>4,564,578</u>	<u>4,338,911</u>	<u>4,305,479</u>	<u>(2,502,882)</u>	<u>(2,728,549)</u>	<u>(2,761,981)</u>
Total Borrowings	21,657,763	21,657,763	21,657,763	5,754,457	5,754,457	5,754,457
Net Profit Attributable to Owners of the Company	610,436	610,436	610,436	91,978	91,978	91,978
Number of Shares Net of Treasury Shares	2,575,665,726	2,318,099,154	2,318,099,154	2,575,665,726	2,318,099,154	2,318,099,154
Financial Ratio						
NTA Per Share (RMB cents)	628.58	688.69	687.24	252.85	271.21	269.77
EPS (RMB cents)	23.70	26.33	26.33	3.57	3.97	3.97
Gearing (times)	1.36	1.37	1.38	0.99	1.03	1.04
Current Ratio (times)	<u>1.62</u>	<u>1.59</u>	<u>1.58</u>	<u>0.12</u>	<u>0.04</u>	<u>0.03</u>

#### Notes:

- (1) Excludes goodwill of RMB457.2 million and intangible assets in relation to patent and licensing rights and computer software of RMB14.1 million. Includes operating concessions of RMB12,548.8 million.
- (2) Includes bank and other borrowings, finance lease and bills payable to banks.
- (3) Based on the number of Shares issued (excluding Treasury Shares) as at the Latest Practicable Date and adjusted for the effect of the Share Purchases.

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- (4) Gearing equals total borrowings divided by total equity.
- (5) Current ratio equals current assets divided by current liabilities.
- (6) For illustration purposes, NTA per share and EPS are computed based on actual number of Shares in issue less Treasury Shares instead of weighted average number of Shares.

The actual impact of Share Purchases will depend on the number and price of the Shares purchased. The Company does not expect there to be a material adverse impact on the working capital or gearing position as compared with the position disclosed in the audited financial statements of the Company for FY2025 in the event that the Share Purchase Mandate were to be carried out in full at any time during the proposed repurchase period set out in Section 3.1(b) of this Appendix.

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their close associates has any present intention to sell any Shares to the Company in the event that the Share Purchase Mandate is granted by the Shareholders.

No core connected person of the Company has notified the Company that he/she/it has a present intention to sell Shares to the Company nor has he/she/it undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Share Purchase Mandate is granted by the Shareholders.

The Directors have undertaken to the SEHK that, so far as the same may be applicable, they will exercise the powers of the Company to make purchases of Shares pursuant to the Share Purchase Mandate in accordance with the Hong Kong Listing Rules, the Constitution, the Laws of Singapore and the laws of Hong Kong. Neither this explanatory statement nor the Share Purchase Mandate has any unusual features.

During each of the previous 12 months up to the Latest Practicable Date, the highest and lowest prices for which the Shares were traded on the SEHK were as follows:

	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
<b>2025</b>		
March	0.98	0.91
April	0.97	0.86
May	0.98	0.90
June	0.99	0.93
July	1.11	0.98
August	1.16	1.09

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	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
September	1.15	1.08
October	1.14	1.10
November	1.13	1.09
December	1.12	1.04
<b>2026</b>		
January	1.11	1.05
February	1.14	1.07
March (up to the Latest Practicable Date)	1.13	1.10

**Shareholders should note that the above financial effects, based on the respective aforementioned assumptions, are for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical audited financial statements as at 31 December 2025, save for the number of Shares, which are based on the number of Shares as at the Latest Practicable Date, and is not necessarily representative of future financial performance. Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to ten per cent. (10%) of the total number of issued shares excluding Treasury Shares and subsidiary holdings in the Company, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire ten per cent. (10%) of the total number of issued shares excluding Treasury Shares and subsidiary holdings in the Company. In addition, the Company shall cancel all of the Shares repurchased (as described in Section 3.2 of this Appendix A).**

### 5. LISTING RULES

#### **Under Listing Manual**

The Listing Manual does not expressly prohibit purchase of shares by a listed company during any particular time or times. However, as the Company would be considered as an “insider” in relation to any purchase of its Shares, the Company will not undertake any purchase of Shares pursuant to the Share Purchase Mandate after a price sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such time as the price sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares through On-Market Share Purchases one month immediately preceding the announcement of the Company’s half-year and full-year financial statements (as the Company does not announce its quarterly financial statements). The Company will continue to comply with the best practices on dealings in securities set out in Rule 1207(19) of the Listing Manual.

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## LETTER TO SHAREHOLDERS

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The Listing Manual requires a listed company to ensure that at least ten per cent. (10%) of any class of its listed securities excluding treasury shares (excluding preference shares and convertible equity securities) is at all times held by public shareholders.

Based on the Register of Directors' and Chief Executive Officer's Shareholdings and the Register of Substantial Shareholders maintained by the Company as at the Latest Practicable Date, there are 828,507,963 Shares held in the hands of the public, representing 32.16% of the issued ordinary share capital of the Company. Assuming the Company exercises the Share Purchase Mandate in full and purchases ten per cent. (10%) of the total number of issued shares excluding Treasury Shares and subsidiary holdings in the Company through On-Market Share Purchase from the public, the public float would be reduced to approximately 24.63% of the issued ordinary share capital of the Company.

Accordingly, the Company is of the view that there is a sufficient number of Shares in issue held by public Shareholders which would permit the Company to undertake Share Purchases through On-Market Share Purchases up to the full 10% limit pursuant to the proposed Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, causing market illiquidity or affecting orderly trading.

### **Under Hong Kong Listing Rules**

Pursuant to the Hong Kong Listing Rules, the Company shall ensure that after its purchase of Shares on any stock exchange, at least 25% of its Shares will remain in the hands of the public (as defined in Rule 8.24 of the Hong Kong Listing Rules).

An issuer shall not purchase its shares on SEHK at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of 30 days immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the SEHK in accordance with the Hong Kong Listing Rules) for the approval of the issuer's results for any year, half-year, quarterly or any other interim period (whether or not required under the Hong Kong Listing Rules); and (b) the deadline for the issuer to announce its results for any year or half-year under the Hong Kong Listing rules, or quarterly or any other interim period (whether or not required under the Hong Kong Listing Rules), and ending on the date of the results announcement, the issuer may not purchase its shares on the SEHK, unless the circumstances are exceptional. Further, an issuer shall not knowingly purchase its shares from a core connected person and a core connected person shall not knowingly sell shares to the issuer, on the SEHK.

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In undertaking any Share Purchases, the Directors will use their best efforts to ensure that, notwithstanding such Share Purchases, a sufficient float in the hands of the public will be maintained so that the Share Purchases will not adversely affect the listing status of the Shares on the SEHK, cause market illiquidity or adversely affect the orderly trading of the Shares.

### 6. DETAILS OF THE SHARES PURCHASED BY THE COMPANY

No purchases of Shares have been made by the Company in the 12 months preceding the Latest Practicable Date.

### 7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Based on the Register of Directors' and Chief Executive Officer's Shareholdings and the Register of Substantial Shareholders, as at the Latest Practicable Date, the shareholdings of the Directors and the Substantial Shareholders before and after the purchase of Shares pursuant to the Share Purchase Mandate, assuming (a) the Company purchases the maximum amount of 10 per cent. (10%) of the total number of issued shares excluding Treasury Shares and subsidiary holdings in the Company, (b) there is no change in the number of Shares held by the Directors and the Substantial Shareholders or which they are deemed interested in, (c) no new Shares are issued following the Shareholders' approval of the proposed Share Purchase Mandate at the 2026 AGM, (d) there are no subsidiary holdings, and (e) shares purchased are cancelled and not held as Treasury Shares, will be as follows:

	Before Share Purchase				After Share Purchase			
	Direct		Deemed		Direct		Deemed	
	<i>Number of Shares</i>	<i>%</i>						
<b>Director</b>								
Mr. Zhou Yuding	-	-	-	-	-	-	-	-
Mr. Ji Guanglin	-	-	-	-	-	-	-	-
Mr. Wang Xiawang	-	-	-	-	-	-	-	-
Mr. Yang Xing	-	-	-	-	-	-	-	-
Dr. Kimmis Pun Kim Ming	-	-	-	-	-	-	-	-
Mr. An Hongjun	-	-	-	-	-	-	-	-
Mr. Zhong Ming	1,000,000	0.04%	-	-	1,000,000	0.04%	-	-

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	Before Share Purchase				After Share Purchase			
	Direct		Deemed		Direct		Deemed	
	<i>Number of Shares</i>	<i>%</i>						
<b>Substantial Shareholder</b>								
S. I. Triumph Power Limited								
("Triumph") <sup>(1)</sup>	986,929,551	38.32%	–	–	986,929,551	42.57%	–	–
S. I. Infrastructure Holdings								
Limited ("SII") <sup>(1)</sup>	165,418,475	6.42%	986,929,551	38.32%	165,418,475	7.14%	986,929,551	42.57%
SIHL Treasury Limited	116,137,900	4.51%	–	–	116,137,900	5.01%	–	–
Shanghai Industrial								
Holdings Limited								
("SIHL") <sup>(1)</sup>	–	–	1,268,485,926	49.25%	–	–	1,268,485,926	54.72%
Shanghai Investment								
Holdings Limited <sup>(1)</sup>								
	–	–	1,268,485,926	49.25%	–	–	1,268,485,926	54.72%
Shanghai Industrial								
Investment Treasury								
Company Limited <sup>(1)</sup>								
	–	–	1,268,485,926	49.25%	–	–	1,268,485,926	54.72%
SIHC Trading Company								
Limited <sup>(1)</sup>	22,358,000	0.87%	–	–	22,358,000	0.96%	–	–
Shanghai Industrial								
Investment (Holdings)								
Company Limited								
("SIIC") <sup>(1)</sup>	–	–	1,290,843,926	50.12%	–	–	1,290,843,926	55.69%
Golden Bell International								
Holdings Limited <sup>(1)</sup>								
	–	–	1,290,843,926	50.12%	–	–	1,290,843,926	55.69%
SIIC Shanghai (Holdings)								
Co., Ltd. <sup>(1)</sup>								
	–	–	1,290,843,926	50.12%	–	–	1,290,843,926	55.69%
China Energy Conservation								
& Environmental								
Protection (Hong Kong)								
Investment Co., Limited								
("CECEPHK") <sup>(2)</sup>	223,712,917	8.69%	–	–	223,712,917	9.65%	–	–
China Energy Conservation								
and Environmental								
Protection Group								
("CECEP") <sup>(2)</sup>	–	–	223,712,917	8.69%	–	–	223,712,917	9.65%

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	Before Share Purchase				After Share Purchase			
	Direct		Deemed		Direct		Deemed	
	<i>Number of Shares</i>	<i>%</i>						
Value Partners Limited ("VPL") <sup>(3)</sup>	7,524,940	0.29%	-	-	7,524,940	0.32%	-	-
Value Partners Hong Kong Limited ("VPLHK") <sup>(3)</sup>	224,075,980	8.70%	7,524,940	0.29%	224,075,980	9.67%	7,524,940	0.32%
Value Partners Group Limited ("VPGL") <sup>(3)</sup>	-	-	231,600,920	8.99%	-	-	231,600,920	9.99%

*Notes:*

As a percentage of the issued share capital of the Company comprising 2,575,665,726 Shares as at the Latest Practicable Date.

As a percentage of the issued share capital of the Company comprising 2,575,665,726 Shares as at the Latest Practicable Date; and assuming that the Company purchases the maximum number of 257,566,572 Shares under the Share Purchase Mandate.

- (1) The Shanghai Municipal People's Government, owns all the issued and paid-up share capital of SIIC Shanghai (Holdings) Co., Ltd., which in turn owns all the issued and paid-up share capital in Golden Bell International Holdings Limited, which in turn owns all the issued and paid-up share capital in Shanghai Industrial Investment (Holdings) Company Limited. As such, SIIC Shanghai (Holdings) Co., Ltd. and Golden Bell International Holdings Limited are deemed to be interested in a total of 1,290,843,926 Shares by virtue of their interest with Shanghai Industrial Investment (Holdings) Company Limited.

Shanghai Industrial Investment (Holdings) Company Limited also holds more than 20% of the issued and paid-up share capital of SIHL, which owns all the issued and paid-up share capital of SII, which in turn owns all the issued and paid-up share capital of Triumph. In addition, SIHL owns all the issued and paid-up share capital of SIHL Treasury Limited. As such, Shanghai Industrial Investment (Holdings) Company Limited, Shanghai Investment Holdings Limited, SIHL and SII are deemed to be interested in the shares held by Triumph and SIHL Treasury Limited (excluding SII).

Shanghai Investment Holdings Limited is directly interested in approximately 47.77% of the total issued share capital of SIHL and is indirectly interested in approximately 7.36% of the total issued share capital of SIHL through its wholly-owned subsidiary SIIC Capital (B. V. I.) Limited. Shanghai Industrial Investment Treasury Company Limited is directly interested in 100% of the total issued share capital of Shanghai Investment Holdings Limited. In addition, SIIC is interested in approximately 63% of the total issued share capital of SIHL through its directly and indirectly wholly-owned subsidiaries. Therefore, each of SIIC, Shanghai Industrial Investment Treasury Company Limited and Shanghai Investment Holdings Limited is deemed to be interested in a total of 1,290,843,926 Shares by virtue of their interests in SIHL.

- (2) CECEPHK is deemed interested in the shares held through account of BOCI Securities Limited in CCASS Depository. BOCI Securities Limited is the agency of CECEPHK. CECEP is deemed to be interested in the Shares held by CECEPHK as CECEP owns the entire issued share capital of CECEPHK.

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## LETTER TO SHAREHOLDERS

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- (3) VPL is a fund manager deemed to be interested in the Shares by reason of Shares held directly by the funds under its management. CCML is deemed to be interested in the Shares via its 21.82% ownership in VPGL. VPGL is deemed to be interested in the Shares via its 100% ownership in VPLHK. VPLHK is deemed to be interested in the Shares via its 100% ownership in VPL. CCL is deemed to be interested in the Shares via its 100% ownership in CCML. BNP Paribas Jersey Nominee Company Limited holds the shares in CCL as nominee for BNP Paribas Jersey Trust Corporation Limited. Cheah Cheng Hye is deemed to be interested in the Shares in his capacity as the founder of a discretionary trust (“**The C H Cheah Family Trust**”) with BNP Paribas Jersey Trust Corporation Limited as the Trustee. To Hau Yin is deemed to be interested in the Shares in her capacity as the beneficiary of The C H Cheah Family Trust.

### **8. SINGAPORE AND HONG KONG TAKE-OVER CODE IMPLICATIONS ARISING FROM SHARE PURCHASES**

The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

#### **8.1 Obligation to make a take-over offer**

The resultant increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him, following the purchase of Shares by the Company, will be treated as an acquisition for the purposes of Rule 14 of the Code. Consequently, depending on the number of Shares purchased by the Company and the total number of Shares in the capital of the Company at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate control of the Company and could become obliged to make an offer under Rule 14 of the Code.

Under the Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of Shares in a company to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons, inter alia, will be presumed to be acting in concert:

- (a) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (b) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, and any company whose associated companies include any of the above companies;
- (c) an individual with his close relatives, related trusts, any person who is accustomed to act in accordance with his instructions and companies controlled by these persons, all with each other; and

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## LETTER TO SHAREHOLDERS

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- (d) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

Under the Code, a company is an associated company of another company if the second company owns or controls at least twenty per cent. (20%) but not more than fifty per cent. (50%) of the voting rights of the first-mentioned company.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a general offer under Rule 14 of the Code after a purchase or acquisition of Shares by the Company are set out Appendix 2 of the Code.

### **8.2 Effect of Rule 14 and Appendix 2 of the Code**

In general terms, the effect of Rule 14 and Appendix 2 of the Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a general offer under Rule 14 of the Code if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to thirty per cent. (30%) or more, or if the voting rights of such Directors and their concert parties fall between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than one per cent. (1%) in any period of six (6) months.

Under Rule 14 and Appendix 2 of the Code, a Shareholder and persons acting in concert with him will incur an obligation to make a take-over offer after a share purchase if, inter alia, their voting rights increase to thirty per cent (30%) or more as a result of share purchases by the Company and/or their acquisition of any ordinary shares between the date of the notice of resolution to authorise the Share Purchase Mandate and the date the next AGM of the Company is held or is required to be held, or, if they already hold between thirty per cent (30%) and fifty per cent (50%) of the Company's voting rights and their voting rights increase by more than one per cent (1%) in any period of six (6) months as a result of a share purchase by the Company and/or they acquire ordinary shares between the date of the notice of resolution to authorise the Share Purchase Mandate and the date the next AGM of the Company is held or is required to be held.

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## LETTER TO SHAREHOLDERS

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Under Appendix 2 of the Code, a Shareholder not acting in concert with the Directors will not be required to make a general offer under Rule 14 of the Code if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to thirty per cent. (30%) or more, or if such Shareholder holds between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder needs not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

**Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers before they acquire any Shares in the Company during the period when the Share Purchase Mandate is in force.**

### **8.3 Effect of the Code**

Under Note 5 of Rule 14.1 of the Code, no obligation normally arises from acquisitions by any member of a group acting in concert when such group holds over 50% of the voting rights of a company. However, the SIC may, subject to various considerations as set out in Note 5 to Rule 14.1 of the Code regard as giving rise to an obligation to make an offer, any acquisition by a single member or sub-group of the concert party group of voting rights sufficient to increase his or its holding to 30% or more or, if he or it already holds between 30% to 50%, by more than 1% in any 6 month period.

Based on the information under paragraph 8.4 below, as at the Latest Practicable Date, Shanghai Industrial Investment (Holdings) Company Limited through its subsidiaries is deemed to have an interest approximately 50.12% of the total number of the issued Shares and each of Golden Bell International Holdings Limited and SIIC Shanghai (Holdings) Co., Ltd. are deemed to be interested in 50.12% of the total number of issued Shares by virtue of their interest with Shanghai Industrial Investment (Holdings) Company Limited. Based on such shareholding, in the event the Company purchases or acquires the maximum amount of ten per cent (10%) of the total number of issued Shares excluding Treasury Shares and subsidiary holdings in the Company pursuant to the Share Purchase Mandate, the resultant increase in the voting rights of the Parties in the Company is not expected to result in them being obliged to make a mandatory general offer under Rule 14 of the Code.

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## LETTER TO SHAREHOLDERS

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As at the Latest Practicable Date, the details of the shareholdings of the Directors of the Company and the Substantial Shareholders are set out in Paragraph 7 above. Based on the Register of Directors' and Chief Executive Officer's Shareholdings and the Register of Substantial Shareholders of the Company as at the Latest Practicable Date, the Directors are not aware of any Substantial Shareholders or Director (or their respective concert parties) who would become obliged to make a mandatory general offer for the Company under Rule 14 of the Code in the event that the Company purchases or acquires the maximum of 257,566,572 Shares being 10% of the total number of issued Shares excluding Treasury Shares and subsidiary holdings in the Company as at the Latest Practicable Date pursuant to the Share Purchase Mandate.

### **8.4 Effect of Takeovers Code**

A purchase of Shares by the Company may result in an increase in the proportionate interests of a substantial shareholder of the Company in the voting rights of the Company, which could give rise to an obligation to make a mandatory general offer in accordance with Rules 26 and 32 of the Takeovers Code.

Pursuant to the Takeovers Code, the requirement to make a mandatory general offer is triggered when any person holds not less than 30%, but not more than 50%, of the voting rights of a company and that person acquires additional voting rights and such acquisition has the effect of increasing that person's holding of voting rights of the company by more than 2% from the lowest percentage holding of that person in the 12 month period ending on and inclusive of the date of the relevant acquisition, and such rule applies to any immediately preceding 12 month period if at any time during such period a person, or group of persons acting in concert, holds 50% or less of the voting rights.

## LETTER TO SHAREHOLDERS

In the event that the Directors exercise in full the power to purchase the Shares which is proposed to be granted pursuant to the Share Purchase Mandate, the shareholding of the substantial shareholders in the Company who were interested or deemed to be interested in 5% or more will be as follows:

Name of substantial Shareholder	Nature of interest	Number of Shares interested	Approximate percentage of shareholdings in the Company as at the Latest Practicable Date	Approximate percentage of shareholdings in the Company after the Directors exercise in full the power to purchase the Shares
Golden Bell International Holdings Limited	Interests in controlled corporation	1,290,843,926	50.12%	55.69%
SIIC Shanghai (Holdings) Co., Ltd.	Interests in controlled corporation	1,290,843,926	50.12%	55.69%
S.I. Triumph Power Limited	Beneficial interest	986,929,551	38.32%	42.57%
S.I. Infrastructure Holdings Limited	Beneficial interest/Interests in controlled corporation	1,152,348,026	44.74%	49.71%
SIHL Treasury Limited	Beneficial interest	116,137,900		
Shanghai Industrial Holdings Limited	Interests in controlled corporation	1,268,485,926	49.25%	54.72%
Shanghai Investment Holdings Limited	Interests in controlled corporation	1,268,485,926	49.25%	54.72%
Shanghai Industrial Investment Treasury Company Limited	Interests in controlled corporation	1,268,485,926	49.25%	54.72%
SIIC Trading Company Limited	Beneficial interest	22,358,000	0.87%	0.96%
Shanghai Industrial Investment (Holdings) Company Limited	Interests in controlled corporation	1,290,843,926	50.12%	55.69%
China Energy Conservation & Environmental Protection (Hong Kong) Investment Co., Limited	Beneficial interest	223,712,917	8.69%	9.65%
CECEP	Interests in controlled corporation	223,712,917	8.69%	9.65%

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## LETTER TO SHAREHOLDERS

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Name of substantial Shareholder	Nature of interest	Number of Shares interested	Approximate percentage of shareholdings in the Company as at the Latest Practicable Date	Approximate percentage of shareholdings in the Company after the Directors exercise in full the power to purchase the Shares
Value Partners Limited	Beneficial interest	7,524,940	0.29%	0.32%
Value Partners Hong Kong Limited	Beneficial interest/Interests in controlled corporation	231,600,920	8.99%	9.99%
Value Partners Group Limited	Interests in controlled corporation	231,600,920	8.99%	9.99%

On 5 September 2023, the interests of Shanghai Industrial Investment (Holdings) Company Limited and its subsidiaries, namely SIIC Trading Company Limited, Shanghai Industrial Investment Treasury Company Limited, Shanghai Investment Holdings Limited, Shanghai Industrial Holdings Limited, SIHL Treasury Limited, S. I. Infrastructure Holdings Limited, S. I. Triumph Power Limited and SIIC Trading Company Limited in the Company increased from approximately 49.25% to approximately 50.12% of the total number of issued Shares. As at the Latest Practicable Date, Shanghai Industrial Investment (Holdings) Company Limited through its subsidiaries is interested in approximately 50.12% of the total number of the issued Shares and each of Golden Bell International Holdings Limited and SIIC Shanghai (Holdings) Co., Ltd. are deemed to be interested in 50.12% of the total number of issued Shares by virtue of their interest with Shanghai Industrial Investment (Holdings) Company Limited (collectively, the “Parties”). Based on such shareholding and assuming that there is no change on the number of issued Shares, in the event that the Directors exercised in full the power to purchase the Shares pursuant to the Share Purchase Mandate, certain members of the Parties who holds not less than 30%, but not more than 50%, of the voting rights of the Company may increase by more than 2% from the lowest percentage holdings within 12 months and, accordingly, such member and any person acting in concert with them (as defined under the Takeovers Code) may be obliged to make a mandatory general offer under the Takeovers Code unless a waiver is granted by the Securities and Futures Commission of Hong Kong. Save as aforesaid, the Directors are not aware of any consequence which may arise under the Takeovers Code as a result of any repurchase of Shares under the Share Purchase Mandate. Nevertheless, the Directors currently do not intend to exercise the power to repurchase Shares to an extent which would render any Shareholder or group of Shareholders obliged to make a mandatory general offer under the Takeovers Code.

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## LETTER TO SHAREHOLDERS

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### 8.5 Advice to Shareholders

**The statements herein do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Code. Shareholders who are in doubt as to whether they would incur any obligation to make an offer under the Code as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers and/or SIC at the earliest opportunity.**

### 9. TAX IMPLICATIONS

Shareholders who are in doubt as to their respective tax positions or the tax implications of the Share purchases by the Company or who may be subject to tax whether in or outside Singapore should consult their own professional advisers.

### 10. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate are in the interests of the Company. Accordingly, the Directors recommend that the Shareholders vote in favour of the Resolution 9 relating to the proposed renewal of the Share Purchase Mandate as set out in the Notice of the 2026 AGM.

### 11. ABSTENTION FROM VOTING

The renewal of the Share Purchase Mandate must be approved by a majority of those Shareholders present and voting at the 2026 AGM on a poll, who could not become obligated to make a take-over offer as a result of Share Purchases.

### 12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate, the Company and its Subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

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## LETTER TO SHAREHOLDERS

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### 13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at One Temasek Avenue #37-02 Millenia Tower Singapore 039192 and the principal place of business in Hong Kong of the Company at Room 1601, 16th Floor, Wing On Centre, 111 Connaught Road, Central, Hong Kong during normal business hours on any weekday (public holidays excepted) from the date of this Appendix up to and including the date of the 2026 AGM:

- (a) the Constitution; and
- (b) the Annual Report for FY2025.

The Annual Report for FY2025 may also be accessed at the following websites:

- <https://www.sgx.com/securities/annual-reports-related-documents>
- <https://www.siicenv.com/en/investors/financial-reports/>

Yours faithfully

For and on behalf of the Board of Directors of  
**SIIC ENVIRONMENT HOLDINGS LTD.**

**Ji Guanglin**

*Executive Director*

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**APPENDIX D1 MAJOR TRANSACTION AND INTERESTED PERSON TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS IN RELATION TO FINANCIAL SERVICES AGREEMENT**

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**If you are in any doubt** as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other independent professional adviser immediately.

**If you have sold or transferred** all your shares in SIIC Environment Holdings Ltd., you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) takes no responsibility for the accuracy of any statements made, opinions expressed, or reports contained, in this circular.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “**SEHK**”) takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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**MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS IN RELATION TO FINANCIAL SERVICES AGREEMENT**

**Independent financial adviser to  
the Independent Board Committee and the Independent Shareholders**



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A letter from the Board is set out on pages 52 to 66 of this circular, a letter from the Independent Board Committee is set out on pages 67 and 68 of this circular, a letter from Gram Capital Limited, the independent financial adviser, containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 69 to 80 of this circular.

A notice convening the AGM to be held at Conrad Singapore Marina Bay, Level 2, North Room, Two Temasek Boulevard, Singapore 038982 on Wednesday, 29 April 2026 at 10:00 a.m. is enclosed with this circular.

Whether or not you are able to attend the AGM, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 72 hours before the time appointed for holding the AGM (or any adjournment thereof). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM (or any adjournment thereof) if you so wish.

27 March 2026

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“associate(s)”, “close associate(s)”, “connected person(s)”, “continuing connected transaction(s)”, “controlling shareholder”, “percentage ratio(s)” and “subsidiary(ies)”	each has the meaning ascribed to it under the Hong Kong Listing Rules
“AGM”	the annual general meeting of the Company to be convened and held at Conrad Singapore Marina Bay, Level 2, North Room, Two Temasek Boulevard, Singapore 038982 on Wednesday, 29 April 2026 at 10:00 a.m. at which ordinary resolutions will be proposed to consider and, if thought fit, to approve, among others, the deposit services contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“Company”	SIIC Environment Holdings Ltd., a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 807)
“Controlling Shareholder (SGX)”	a person who: (i) holds directly or indirectly 15% or more of the total voting rights in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (ii) in fact exercises control over a company
“Director(s)”	the directors of the Company
“Effective Date”	the date on which the parties to the Financial Services Agreement have obtained their respective necessary authorisations or approvals in relation to the transactions contemplated thereunder, including approval from the Independent Shareholders at the AGM
“entity at risk”	has the meaning ascribed to it under the SGX Listing Manual

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## DEFINITIONS

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“Financial Services Agreement”	the financial services agreement dated 27 February 2026 entered into between the Company and SIIC Finance in relation to the financial services to be provided by SIIC Finance to the Group
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors, and each of them does not have any material interest in the transactions contemplated under the Financial Services Agreement
“Independent Directors”	the independent directors of the Company
“Independent Shareholders”	Shareholders other than SIIC and its close associates
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity as defined under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the deposit services contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps
“Interested Person”	as defined in the SGX Listing Manual, the term “Interested Person” means: (i) a director, chief executive officer, or Controlling Shareholder (SGX) of the Company; or (ii) an associate of any such director, chief executive officer, or Controlling Shareholder (SGX)
“Interested Person Transaction”	a transaction between an entity at risk and an Interested Person
“Latest Practicable Date”	25 March 2026, being the latest practicable date for ascertaining certain information contained herein
“NFRA”	The National Financial Regulation Administration (國家金融監督管理總局)
“NTA”	net tangible assets

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## DEFINITIONS

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“PRC”	the People’s Republic of China, for the purpose of this circular only, excluding Hong Kong, and Macao Special Administrative Region of the PRC and Taiwan
“Proposed Deposit Services Annual Caps”	the proposed aggregate amounts of the maximum daily outstanding balance of deposits (including accrued interests) that may be placed by the Group with SIIC Finance pursuant to the Financial Services Agreement for the period from the Effective Date to 31 December 2026 and each of the financial years ending 31 December 2027 and 2028
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“SGX Listing Manual”	the listing manual of the SGX-ST (Mainboard Rules)
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Shares”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	registered holder(s) of the Share(s)
“SIIC”	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company
“SIIC Finance”	SIIC Shanghai Group Finance Co., Ltd.* (上海上實集團財務有限公司), a company established in the PRC with limited liability and a subsidiary of SIIC Shanghai
“SIIC Shanghai”	上海上實(集團)有限公司 (SIIC Shanghai Holdings Co., Ltd.*), a company established in the PRC with limited liability with SIIC as the authorised representative exercising state-owned shareholder’s right over it
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

\* For identification purpose only.

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LETTER FROM THE BOARD

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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)*

*(Company Registration Number 200210042R)*

**(Hong Kong stock code: 807)**

**(Singapore stock code: BHK)**

***Chairman of the Board, Executive Director:***

Mr. Zhou Yuding

***Chief Executive Officer, Executive Director:***

Mr. Ji Guanglin

***Executive Directors:***

Mr. Wang Xiwang

Mr. Yang Xing

***Lead Independent Non-Executive Director:***

Dr. Kimmis Pun Kim Ming

***Independent Non-Executive Directors:***

Mr. An Hongjun

Mr. Zhong Ming

***Headquarters, Registered Office and***

***Principal Place of Business in Singapore:***

One Temasek Avenue #37-02 Millenia

Tower Singapore 039192

***Principal Place of Business in Hong Kong:***

Room 1601, 16th Floor

Wing On Centre

111 Connaught Road Central

Hong Kong

27 March 2026

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION AND  
CONTINUING CONNECTED TRANSACTIONS IN RELATION TO  
FINANCIAL SERVICES AGREEMENT**

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## LETTER FROM THE BOARD

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### INTRODUCTION

#### Financial Services Agreement

Reference is made to the announcement of the Company dated 1 March 2026 in relation to the Financial Services Agreement.

The Board announces that on 27 February 2026, the Company entered into the Financial Services Agreement with SIIC Finance, pursuant to which it is agreed that members of the Group will engage SIIC Finance for the provision of deposit services, credit services and other financial services for a term not exceeding three (3) years.

#### Purpose of circular

The purpose of this circular is, among other things, to provide you with (i) further details of the deposit services contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the deposit services contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps; (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in relation to the Company's entry into the Financial Services Agreement with SIIC Finance.

### THE FINANCIAL SERVICES AGREEMENT

The principal terms of the Financial Services Agreement are set out below:

#### Date

27 February 2026

#### Parties

- (1) the Company; and
- (2) SIIC Finance.

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## LETTER FROM THE BOARD

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### **Term**

The term shall not exceed three (3) years commencing from the Effective Date until 31 December 2028, subject to both parties obtaining the necessary authorisations or approvals in accordance with their respective memorandum and articles of association or other constitutional documents, applicable laws and regulations (including but not limited to the Hong Kong Listing Rules and the SGX Listing Manual). Either party may terminate the Financial Services Agreement early upon mutual agreement. The Financial Services Agreement may be renewed upon obtaining the necessary authorisations or approval and the term of each renewal shall not exceed three (3) years.

### **Financial services to be provided to the Group**

Pursuant to the Financial Services Agreement, the Group shall engage SIIC Finance for the provision of the following financial services:

#### **(1) Deposit services**

Pursuant to the Financial Services Agreement, the Group shall engage SIIC Finance for the provision of deposit services. The interest rates for the deposits to be placed with SIIC Finance by the Group shall be determined on a fair basis in compliance with the interest rate policies of the People's Bank of China, taking into account the prevailing market interest rates whilst offering preferential terms. Under the same conditions, such rates shall not be lower than those offered by other major commercial banks in the PRC for the same type of deposits during the same period, nor shall they be lower than the rates offered by SIIC Finance for the same type of deposits accepted from third parties Note during the same period.

#### **(2) Credit services**

Pursuant to the Financial Services Agreement, the Group shall engage SIIC Finance for the provision of credit services (including but not limited to loan services, bill acceptance and discounting services and non-financing guarantees). The interest rates or fees charged by SIIC Finance for the credit services provided to the Group shall be determined on a fair basis in compliance with the interest rate policies of the People's Bank of China, taking into account the prevailing market interest rates whilst offering preferential terms. Under the same conditions, such rates or fees shall not exceed those charged by other major commercial banks in the PRC for the same type of credit services during the same period, nor shall they exceed the rates or fees charged by SIIC Finance to third parties Note for the same type of credit services during the same period.

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## LETTER FROM THE BOARD

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### (3) Other financial services

Pursuant to the Financial Services Agreement, the Group shall engage SIIC Finance for the provision of the other financial services (including but not limited to funds settlement, collection, payment services, entrusted loans, financial advisory, bond underwriting, credit verification and consulting agency services). The service fees to be charged by SIIC Finance for the provision of the other financial services to the Group shall be determined on a fair basis with reference to the fees charged for the same type of services provided by independent third parties and the prevailing market prices whilst offering preferential terms. Under the same conditions, such fees shall not exceed the prevailing fee standards (if any) prescribed by relevant government authorities for such services, nor shall they exceed fees charged by other major commercial banks in the PRC for the same type of services, nor shall they exceed fees charged by SIIC Finance for the same type of services provided to third parties Note.

*Note:* The “third parties” herein means members of SIIC Shanghai (excluding the Group).

#### **Individual agreements**

Pursuant to the Financial Services Agreement, members of the Group and SIIC Finance may from time to time enter into individual agreements for the provision of the services specified in the Financial Services Agreement. Such individual agreements will set out detailed terms of the transactions (including but not limited to types of services, interest rates, service fees and payment terms) in accordance with normal commercial terms and the principles and provisions stipulated in the Financial Services Agreement.

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## LETTER FROM THE BOARD

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### ANNUAL CAPS

#### (1) Deposit services

The aggregate amounts of the maximum daily outstanding balance of deposits (including accrued interests) to be placed by the Group with SIIC Finance pursuant to the Financial Services Agreement for the period from the Effective Date to 31 December 2026 and each of the financial years ending 31 December 2027 and 2028 shall not exceed the maximum amounts set out below (i.e., the Proposed Deposit Services Annual Caps):

	<b>For the period from the Effective Date to 31 December 2026 (RMB million)</b>	<b>For the financial years ending 31 December 2027 2028 (RMB million)      (RMB million)</b>	
Aggregate amount of maximum daily outstanding balance of deposits (including accrued interests)	2,000 <i>(Note)</i>	2,000 <i>(Note)</i>	2,000 <i>(Note)</i>

*Note:* The deposits of the Group to be placed with SIIC Finance may be denominated in multiple currencies.

No historical transaction amounts are available, as the Group and SIIC Finance have not previously engaged in any transactions relating to deposit services. The Proposed Deposit Services Annual Caps are determined with reference to: (1) the strategies of the treasury management of the Company taking into account the cash flow requirements and financial needs of the Group for its business development plans; (2) the bank balances (including pledged bank deposits, bank deposits and cash and cash equivalents) held by the Group as at 31 December 2025, amounting to approximately RMB3,488,859,000; and (3) the preferential interest rates, favourable terms and customised financial products and services offered by SIIC Finance, which are expected to enhance the Group's deposit interest income and meet its operational needs and cash management requirements, thereby supporting more efficient allocation and management of funds.

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## LETTER FROM THE BOARD

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### (2) Credit services

The credit services under the Financial Services Agreement involve the provision of financial assistance by SIIC Finance to the Group. As the credit services to be provided under the Financial Services Agreement shall be on normal commercial terms or better, and the Group only expects to engage such credit services if and when no security will be granted by the Group over its assets in respect of such credit services, the credit services as contemplated under the Financial Services Agreement, if and when they occur, are fully exempt from the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Rule 14A.90 of the Hong Kong Listing Rules.

### (3) Other financial services

As the highest applicable percentage ratio for the aggregate amounts of the maximum service fees to be paid by the Group for the other financial services to be provided by SIIC Finance to the Group under the Financial Services Agreement are expected to fall below the de minimis threshold as specified in Rule 14A.76(1) of the Hong Kong Listing Rules. Therefore, such other financial services are fully exempt from reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Rule 14A.76(1) of the Hong Kong Listing Rules.

## INTERNAL CONTROL AND RISK MANAGEMENT MEASURES

The Company will adopt the following measures in monitoring the transactions of the Group with SIIC Finance under the Financial Services Agreement:

- (1) before placing a deposit with SIIC Finance, the Group will assess the aggregate amount of daily outstanding balance of deposits placed by the Group with SIIC Finance to ensure compliance with the Proposed Deposit Services Annual Caps;
- (2) before placing a deposit with, or obtaining credit services from, SIIC Finance, the Group will compare the interest rates offered by SIIC Finance with the interest rates offered by at least two major commercial banks in PRC;
- (3) before engaging SIIC Finance for other financial services, the Group will compare the service fees charged by SIIC Finance with the service fees charged by at least two major commercial banks in PRC; and
- (4) the finance department of the Company shall be responsible for the operations and monitoring of the transactions under the Financial Services Agreement to ensure such transactions are conducted in accordance with the terms of the Financial Services Agreement.

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## LETTER FROM THE BOARD

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The Company will also adopt the following measures to monitor and mitigate the credit risks arising from the transactions under the Financial Services Agreement:

- (1) the finance department of the Company will monitor the amount of daily outstanding balance of deposits placed by the Group with SIIC Finance on a daily basis;
- (2) the Company will, on an ongoing basis, monitor any enforcement actions issued by the relevant authorities in respect of SIIC Finance and will report to management as appropriate;
- (3) the Company will conduct risk assessments and reviews of SIIC Finance on a regular basis to assess its financial standing and creditworthiness, as well as the credit risk and/or default risk associated with the transactions contemplated under the Financial Services Agreement;
- (4) the Company will review SIIC Finance's financial statements, to the extent available, on an ongoing basis in order to monitor its performance and assess the safety of the deposits placed by the Group with SIIC Finance;
- (5) in the event that SIIC Finance fails to comply with any regulatory requirement which may have a material adverse impact on the deposits placed by the Group with SIIC Finance, the Group will take proper and appropriate measures to protect its deposits, including early withdrawal of deposits or discontinuation of further deposits placed with SIIC Finance;
- (6) the Audit Committee of the Company and an external auditor appointed by the Company pursuant to the SGX Listing Manual and the Hong Kong Listing Rules will conduct annual reviews of the transactions under the Financial Services Agreement and ensure compliance with the Proposed Deposit Services Annual Caps; and
- (7) the Board will review annually the Group's internal control system and its effectiveness.

In addition, SIIC Finance has agreed to (i) assist the Group in monitoring and managing the amount of daily outstanding balance of deposits placed by the Group with SIIC Finance to ensure that the actual daily outstanding balance of deposits (including accrued interest) does not exceed the maximum daily outstanding balance of deposits; (ii) without contravening applicable laws and regulations, use its best endeavours to cooperate with the Group in auditing the relevant transactions and to provide such information as the Group may reasonably require for disclosure under the SGX Listing Manual and the Hong Kong Listing Rules and for its review and evaluation, including, but not limited to, periodic financial and risk-monitoring information (such as quarterly, half-yearly and annual ongoing risk assessment or monitoring reports); and (iii) provide the finance department of the Company, with a monthly report detailing (A) the aggregate maximum daily outstanding balance of deposits (including accrued interests) placed by the Group with SIIC Finance; (B) the maximum daily outstanding balance of credit services provided by SIIC Finance to the Group; and (C) the aggregate maximum service fees payable for other financial services provided by SIIC Finance to the Group.

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## LETTER FROM THE BOARD

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This report is intended to assist the Group in monitoring its transactions with SIIC Finance under the Financial Services Agreement and ensuring compliance with the Proposed Deposit Services Annual Caps.

### UNDERTAKINGS BY SIIC SHANGHAI AND SIIC FINANCE

In respect of the deposits placed by the Group with SIIC Finance, SIIC Shanghai, as the controlling shareholder of SIIC Finance, has undertaken that if SIIC Finance encounters an emergency situation involving payment difficulties, it will make additional capital contributions as necessary to resolve such difficulties. SIIC Shanghai has also undertaken that, in the event of a liquidity crisis at SIIC Finance, it will not withdraw any capital and will provide liquidity support to the fullest extent. Such undertakings will effectively provide assurance to the Group on the safety of funds deposited with SIIC Finance.

According to the regulatory requirements of the Management Measures for Finance Companies of Enterprise Groups (《企業集團財務公司管理辦法》) promulgated by the China Banking and Insurance Regulatory Commission, the controlling shareholders of finance companies are required to replenish capital to such finance companies when necessary. Therefore, the articles of association of SIIC Finance states that the controlling shareholder of SIIC Finance shall replenish capital to SIIC Finance when necessary.

To further safeguard the security of the deposits placed by the Group with SIIC Finance and to meet the Group's financing needs, SIIC Finance has also undertaken to use its best endeavours and take all reasonable measures to ensure that such deposits are primarily utilised for providing credit services to the Group.

### REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE FINANCIAL SERVICES AGREEMENT

The Board is of the view that it is beneficial to utilise the financial services from SIIC Finance under the Financial Services Agreement due to the following reasons:

- (1) the centralised treasury management services provided by SIIC Finance enable the Group to optimise overall capital utilisation and enhance cost-effectiveness and operational efficiency through improved coordination of cash flows and liquidity management across the Group;
- (2) SIIC Finance offers competitive interest rates for both deposit services and credit services. The favourable deposit rates enhance the Group's returns on surplus funds, while the competitive lending rates help reduce the Group's overall finance costs. The terms (including interest rates) are no less favourable than those available from other major commercial banks or financial institutions in the PRC;

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## LETTER FROM THE BOARD

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- (3) the service fees and charges levied by SIIC Finance are competitive and cost-effective, and the finance costs of the Group can be reduced due to such favourable service fees for the funds settlement, collection and payment services and the other financial services;
- (4) SIIC Finance is familiar with the Group's business, including its capital structure, strategic direction, operating model, funding requirements and cash-flow patterns. This enables SIIC Finance to offer more flexible and customised financial products and services tailored to the Group's operational needs, enhancing capital efficiency and supporting the Group's business requirements more effectively than standardised offerings from external financial institutions;
- (5) SIIC Finance has a streamlined organisational structure and efficient internal decision-making processes, enabling it to respond promptly to the Group's financial service needs and provide greater flexibility in structuring financing terms and tenors. This responsiveness supports faster decision-making, facilitates more efficient financial planning and unlocks strategic synergies through a deeper, more integrated relationship; and
- (6) the Group's portfolio of principal bankers and/or financial institutions will be diversified during the term of the Financial Services Agreement, thereby reducing concentration risk and enhancing the Group's financial flexibility. In addition, access to financial services from SIIC Finance strengthens the Group's negotiating position when dealing with other major commercial banks and financial institutions in the PRC, potentially resulting in more favourable terms across the Group's banking relationships.

The Directors consider that the terms of the Financial Services Agreement and the transactions contemplated thereunder (including the Proposed Deposit Services Annual Caps) are on normal commercial terms after arm's length negotiations and in the ordinary and usual course of business of the Group, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The views of the independent non-executive Directors on the deposit services contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps will be reserved and provided in their letter to be included in this circular.

The Board has assessed the credit risks associated with the transactions contemplated under the Financial Services Agreement. It considers that, for the reasons set out below, the credit risks to which the Company may be exposed in connection with the deposits to be placed by the Group with SIIC Finance, as the Company's financial service provider, have been effectively managed. The Board further believes that

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## LETTER FROM THE BOARD

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such risks will not exceed those associated with deposits placed with other major commercial banks in the PRC and that the Company's assets are adequately protected against potential losses arising from the transactions contemplated under the Financial Services Agreement. The Board's views are based on the following:

- (1) SIIC Finance is regulated by the People's Bank of China and the NFRA and is required to comply with the relevant rules and operational requirements issued by these authorities, including capital risk guidelines and prescribed capital adequacy ratios.
- (2) As mentioned above, the deposits placed by the Group with SIIC Finance are safeguarded by undertakings provided by SIIC Finance and its controlling shareholder, SIIC Shanghai. Pursuant to these undertakings, SIIC Shanghai will make additional capital contributions to SIIC Finance in the event of payment difficulties, will refrain from withdrawing capital, and will provide liquidity support to the fullest extent. These protections are complemented by similar requirements embedded in the articles of association of SIIC Finance, as mandated under the Management Measures for Finance Companies of Enterprise Groups(《企業集團財務公司管理辦法》).
- (3) SIIC Finance has established a comprehensive suite of risk management systems and internal control policies governing its fund management, credit management and investment management activities. These systems provide standardised management and operations, with a reasonable division of labour, clearly defined responsibilities and transparent reporting lines, thereby supporting effective risk management.
- (4) SIIC Finance has maintained robust capital adequacy and liquidity ratios for the three years ended 31 December 2023, 2024 and 2025. Its minimum capital adequacy ratios during the period were 21.62%, 20.49% and 19.57%, respectively, while its minimum liquidity ratios during the period were 39.06%, 47.71% and 46.39%, respectively. Since its establishment in 2014, SIIC Finance has recorded no non-performing loans, evidencing its prudent risk management and operational stability.
- (5) The Company has conducted a comprehensive credit risk assessment of SIIC Finance, evaluating its operational and financial condition (including its capital adequacy and liquidity ratios, key financial metrics, financial risk indicators and regulatory compliance ratios) as well as its overall regulatory standing. Based on this assessment, the Board considers that SIIC Finance complies with the rules and regulatory requirements of the People's Bank of China and the NFRA, maintains adequate financial strength and creditworthiness to perform its obligations under the Financial Services Agreement and presents an acceptable level of credit risk to the Group.

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## LETTER FROM THE BOARD

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- (6) Under the relevant rules of the People's Bank of China and the NFRA, SIIC Finance primarily serves SIIC Shanghai and its member companies. Having served these group members over an extended period, SIIC Finance has developed a deep understanding of their capital positions, operating conditions and risk appetites. As a result, its customer base potentially exposes it to lower credit risks compared with entities that solicit business from external customers.
- (7) The Group remains free to place deposits with any commercial bank or other non-bank financial institution in accordance with its own needs and requirements.

### HONG KONG LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, SIIC Finance is a subsidiary of SIIC Shanghai, over which SIIC, the controlling shareholder of the Company, is the authorised representative exercising state-owned shareholder's right. As such, SIIC Finance is an associate of SIIC and a connected person of the Company, and the entering into of the Financial Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

#### Deposit services

As the highest applicable percentage ratio for the aggregate amounts of the maximum daily outstanding balance of deposits (including accrued interests) to be placed by the Group with SIIC Finance under the Financial Services Agreement is more than 25%, such deposit services constitute (i) non-exempt continuing connected transactions subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules; and (ii) a major transaction subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules.

#### Credit services

As the credit services to be provided by SIIC Finance to the Group under the Financial Services Agreement shall be on normal commercial terms or better, and the Group only expects to engage such credit services if and when no security will be granted by the Group over its assets in respect of such credit services, the credit services as contemplated under the Financial Services Agreement, if and when they occur, are fully exempt from the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Rule 14A.90 of the Hong Kong Listing Rules.

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## LETTER FROM THE BOARD

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### **Other financial services**

As the highest applicable percentage ratio for the aggregate amounts of the maximum service fees to be paid by the Group for the other financial services to be provided by SIIC Finance to the Group under the Financial Services Agreement are expected to fall below the de minimis threshold as specified in Rule 14A.76(1) of the Hong Kong Listing Rules. Therefore, such other financial services are fully exempt from reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Rule 14A.76(1) of the Hong Kong Listing Rules.

None of the Directors has any material interest in the Financial Services Agreement and the transactions contemplated thereunder (including the Proposed Deposit Services Annual Caps) or was required to abstain from voting on the relevant Board resolution(s).

### **INFORMATION OF THE PARTIES TO THE TRANSACTIONS**

The Group is principally engaged in wastewater treatment, water supply, sludge treatment, solid waste incineration power generation, and other environmental protection-related fields.

SIIC Finance is a subsidiary of SIIC Shanghai, over which SIIC is the authorised representative exercising state-owned shareholder's right. SIIC Finance is a non-bank financial institution with financial license, under industrial regulation by the NFRA, which is principally engaged in accepting deposits from members of the group; providing loans to members of the group; discounting bills of members of the group; settling funds, collecting funds from and making payments to members of the group; providing entrusted loans to members of the group, bond underwriting, non-financial guarantees, financial consulting, credit verification and advisory agency services; engaging in inter-bank borrowing; accepting bills of members of the group; and investing in fixed-income marketable securities.

SIIC Shanghai is principally engaged in investment holding and property investment.

SIIC is wholly-owned by State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government and is principally engaged in financial investment, medicine, infrastructure and environmental protection, real estate and consumer products.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISERS**

An Independent Board Committee comprising all the independent non-executive Directors (namely, Dr. Kimmis Pun Kim Ming, Mr. An Hongjun, Mr. Zhong Ming) has been established to advise the Independent Shareholders in connection with the deposit services contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps.

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## LETTER FROM THE BOARD

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Gram Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the deposit services contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps.

### AGM

The AGM will be convened and held at Conrad Singapore Marina Bay, Level 2, North Room, Two Temasek Boulevard, Singapore 038982 on Wednesday, 29 April 2026 at 10:00 a.m. for the purpose of considering and, if thought fit, approving, among others, the deposit services contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps. A notice of AGM and a form of proxy for use at the AGM is enclosed with this circular. If you do not intend to be present and vote at the AGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Share Registrar office in Singapore at In.Corp Corporate Services Pte. Ltd., 36 Robinson Road #20-01 City House Singapore 068877 (for Singapore Shareholders) or the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for Hong Kong Shareholders), or if submitted electronically, be submitted via email to the following email address: [shareregistry@incorp.asia](mailto:shareregistry@incorp.asia) or via the following URL: [https://conveneagm.com/sg/SIICEnv\\_AGM2026](https://conveneagm.com/sg/SIICEnv_AGM2026), as soon as possible and in any event not less than seventy-two (72) hours before the time appointed for the holding of the AGM or any adjournment thereof. The completion and delivery of a form of proxy will not preclude you from attending and voting at the AGM in person should you so wish. If you attend and vote at the AGM, the authority of your proxy will be revoked.

The register of members of the Company will be closed from Thursday, 23 April 2026 to Wednesday, 29 April 2026, both days inclusive, during which period no transfer of Shares will be effected. As such, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Singapore principal share registrar and transfer office, In.Corp Corporate Services Pte. Ltd. at 36 Robinson Road #20-01 City House Singapore 068877 (for Singapore Shareholders) no later than 5:00 p.m. on Wednesday, 22 April 2026, or the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712 – 1716, 17th, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for Hong Kong Shareholders) for registration no later than 4:30 p.m. on Wednesday, 22 April 2026.

In accordance with Rule 13.39(4) of the Hong Kong Listing Rules, voting at the AGM will be conducted by poll. The chairman of the AGM will demand a poll for the ordinary resolutions to be proposed at the AGM in accordance with the Company's constitution.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, SIIC is deemed to be interested in an aggregate of 1,290,843,926 Shares, which is equivalent to approximately 50.12% of the total number of Shares in issue. Accordingly, SIIC is regarded as a Controlling Shareholder (SGX) of the Company under Chapter 9 of the SGX Listing Manual. SIIC is the authorised representative exercising state-owned shareholder's right over SIIC Shanghai (being the controlling shareholder of SIIC Finance) and has a material interest in the transactions contemplated under the Financial Services Agreement.

Rule 919 of the SGX Listing Manual prohibits Interested Persons and their associates (as defined in the SGX Listing Manual) from voting, or accepting appointments as proxies, on a resolution in relation to a matter in respect of which such persons are interested in the AGM, unless specific instructions as to voting are given.

SIIC and its associates (as defined in the SGX Listing Manual), which together hold 50.12% of the total number of Shares in issue as at the Latest Practicable Date, will abstain from voting at the AGM on the resolutions approving the Company's entry into the Financial Services Agreement with SIIC Finance. Further, SIIC will not and will procure that its associates (as defined in the SGX Listing Manual) will not, accept appointments as proxies unless specific instructions as to voting are given. The Company will disregard any votes cast on a resolution by the person required to abstain from voting by the SGX Listing Manual. Save for the aforementioned and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder has a material interest in the transactions contemplated under the Financial Services Agreement and is required to abstain from voting on the resolutions approving the Company's entry into the Financial Services Agreement with SIIC Finance at the AGM.

### **RECOMMENDATION**

#### **The Financial Services Agreement**

Your attention is drawn to the letter from the Independent Board Committee set out on pages 67 to 68 of this circular containing its recommendation to the Independent Shareholders and the letter from Gram Capital set out on pages 69 to 80 of this circular containing its advice and recommendation to the Independent Board Committee and to the Independent Shareholders on the provision of the deposit services to the Group by SIIC Finance contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps.

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## LETTER FROM THE BOARD

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The Board (including the members of the Independent Board Committee whose opinion is set forth in the section headed “LETTER FROM THE INDEPENDENT BOARD COMMITTEE” in this circular after considering the advice of Gram Capital), is of the view that the deposit services contemplated under the Financial Services Agreement are on normal commercial terms or better and in the ordinary and usual course of business of the Group and that the terms thereof, together with the Proposed Deposit Services Annual Caps, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the resolutions to be proposed at the AGM to approve, among others, the deposit services contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps.

### **ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,  
For and on behalf of the Board  
**SIIC ENVIRONMENT HOLDINGS LTD.**  
**Ji Guanglin**  
*Executive Director*



**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)*

*(Company Registration Number 200210042R)*

**(Hong Kong stock code: 807)**

**(Singapore stock code: BHK)**

27 March 2026

*To the Independent Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION AND  
CONTINUING CONNECTED TRANSACTIONS IN RELATION TO  
FINANCIAL SERVICES AGREEMENT**

We refer to the circular dated 27 March 2026 of the Company (the “**Circular**”) of which this letter forms part. Capitalised terms used in the Circular shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed by the Board to form the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, the deposit services contemplated under the Financial Services Agreement are on normal commercial terms or better and in the ordinary and usual course of business of the Group and that the terms thereof, together with the Proposed Deposit Services Annual Caps, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Gram Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same respect.

We wish to draw your attention to the letter from the Board set out on pages 52 to 66 of the Circular which contains information in connection with the deposit services contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps, and the letter from Gram Capital set out on pages 69 to 80 of the Circular which contains its advice and recommendation in the same respect.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered the terms of the provision of the deposit services to the Group by SIIC Finance contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps, and taking into account the advice of Gram Capital, we consider that the deposit services contemplated under the Financial Services Agreement are on normal commercial terms or better and in the ordinary and usual course of business of the Group and that the terms thereof, together with the Proposed Deposit Services Annual Caps, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the AGM, which are set out in the notice convening the AGM, to approve the provision of the deposit services to the Group by SIIC Finance contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps.

Yours faithfully,  
For and on behalf of  
the Independent Board Committee of  
**SIIC ENVIRONMENT HOLDINGS LTD.**

**Dr. Kimmis Pun Kim Ming**  
*Independent Non-Executive  
Director*

**Mr. An Hongjun**  
*Independent Non-Executive  
Director*

**Mr. Zhong Ming**  
*Independent Non-Executive  
Director*

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## LETTER FROM GRAM CAPITAL

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*Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of Deposit Services for the purpose of inclusion in the Circular.*



Room 1209, 12/F.  
Nan Fung Tower  
88 Connaught Road Central/  
173 Des Voeux Road Central  
Hong Kong

27 March 2026

*To: The independent board committee and the independent shareholders  
of SIIC Environment Holdings Ltd.*

Dear Sir/Madam,

### MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the deposit services contemplated under the Financial Services Agreement (the “**Deposit Services**”) including the Proposed Deposit Services Annual Caps, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 27 March 2026 (the “**Circular**”) issued by the Company to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 27 February 2026, the Company entered into the Financial Services Agreement with SIIC Finance, pursuant to which it is agreed that members of the Group will engage SIIC Finance for, among others, the provision of the Deposit Services for a term not exceeding three (3) years.

With reference to the Board Letter, the Deposit Services constitute major and continuing connected transactions of the Company and are subject to the reporting, announcement, annual review, circular and the independent shareholders’ approval requirement under Chapters 14 and 14A of the Hong Kong Listing Rules.

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## LETTER FROM GRAM CAPITAL

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The Independent Board Committee comprising Dr. Kimmis Pun Kim Ming, Mr. An Hongjun and Mr. Zhong Ming (being all the independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Deposit Services are on normal commercial terms and are fair and reasonable; (ii) whether the Deposit Services are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Deposit Services at the AGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### **INDEPENDENCE**

We were not aware of (i) any relationships or interests between Gram Capital and the Company; or (ii) any services (including independent financial advisory services) provided by Gram Capital to the Company, during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

In connection with this engagement as the Independent Financial Adviser, there is no arrangement whereby we shall be entitled to receive any other fees or benefits from the Company, the Directors, chief executive of the Company or substantial Shareholders or any of their respective associates apart from the normal professional fee and expenses payable to us.

Having considered the above and that none of the circumstances as set out under Rule 13.84 of the Hong Kong Listing Rules existed as at the Latest Practicable Date, we are of the view that we are independent to act as the Independent Financial Adviser.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the

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## LETTER FROM GRAM CAPITAL

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Financial Services Agreement. We consider that we have taken sufficient and necessary steps (including review of the Group's financial information, the Financial Services Agreement, discussion with the Company regarding the Proposed Deposit Services Annual Caps) on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Hong Kong Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement in this circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, SIIC Finance or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the entering into the Financial Services Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion in respect of the Deposit Services, we have taken into consideration the following principal factors and reasons:

#### **Business overview of the Group**

With reference to the Board Letter, the Group is principally engaged in wastewater treatment, water supply, sludge treatment, solid waste incineration power generation, and other environmental protection-related fields.

## LETTER FROM GRAM CAPITAL

Set out below are the consolidated financial information of the Group for the two years ended 31 December 2025 as extracted from the Company’s announcement in relation to unaudited condensed interim financial statements and dividend announcement for the second half year and full year ended 31 December 2025 as published on 27 February 2026 (the “**2025 Results Announcement**”):

	<b>For the year ended 31 December 2025  (“FY2025”) RMB’000 (unaudited)</b>	<b>For the year ended 31 December 2024  (“FY2024”) RMB’000 (audited)</b>	<b>Changes from FY2024 to FY2025 %</b>
Revenue	7,072,781	7,595,654	(6.88)
– Water and sludge treatment	5,613,804	5,651,594	(0.67)
– Water supply	1,007,556	1,272,238	(20.80)
– Waste incineration	451,421	671,822	(32.81)
Gross profit	2,463,026	2,617,823	(5.91)
Profit attributable to owners of the Company	610,436	605,140	0.88
		<b>As at 31 December 2025 RMB’000 (unaudited)</b>	<b>As at 31 December 2024 RMB’000 (audited)</b>
Pledged bank deposits		40,747	67,567
Cash and cash equivalents		3,448,112	2,918,241
Equity attributable to owners of the Company		11,029,872	10,635,069

As illustrated in the above table, the Group recorded a decrease of approximately 6.88% in revenue for FY2025 as compared to that for FY2024. With reference to the 2025 Results Announcement, the aforesaid decrease in revenue was mainly due to the decrease in construction revenue of the Group for FY2025 as compared to that for 2024, leading to decreases in the Group’s segment revenues generated from water and sludge treatment segment, water supply segment and waste incineration segment. The Group’s construction revenue was RMB1,153.21 million for FY2025, representing a decrease of 35.8% as compared to RMB1,795.86 million for FY2024, the overall decrease in construction revenue was mainly due to decrease in new construction projects.

The Group also recorded a decrease of approximately 5.91% in gross profit for FY2025 as compared to that for FY2024. With reference to the 2025 Results Announcement, the aforesaid decrease in the Group’s gross profit was mainly due to (i) the decrease in the Group’s revenue as aforementioned; and (ii) lower construction revenue and higher water resource fees for the water supply business, which correspondingly increased the main operating costs of the water supply business.

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## LETTER FROM GRAM CAPITAL

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Despite the aforementioned decreases in the Group's revenue and gross profit, the Group's profit attributable to owners of the Company increased slightly by approximately 0.88% from approximately RMB605.14 million for FY2024 to approximately RMB610.44 million for FY2025. With reference to the 2025 Results Announcement, such increase was mainly due to the decrease of approximately 65.62% in the Group's income tax expense, which was mainly due to relevant tax incentives and adjustments to deferred income tax provisions.

As at 31 December 2025, the Group's bank balances (including pledged bank deposits, bank deposits and cash and cash equivalents) amounted to approximately RMB3,488.86 million (as at 31 December 2024: approximately RMB2,985.81 million).

As at 31 December 2025, the Group recorded equity attributable to owners of the Company of approximately RMB11,029.87 million.

### Information on SIIC Finance

With reference to the Board Letter, SIIC Finance is a subsidiary of SIIC Shanghai, over which SIIC is the authorised representative exercising state-owned shareholder's right. SIIC Finance is a non-bank financial institution with financial license, under industrial regulation by the NFRA, which is principally engaged in accepting deposits from members of the group; providing loans to members of the group; discounting bills of members of the group; settling funds, collecting funds from and making payments to members of the group; providing entrusted loans to members of the group, bond underwriting, non-financial guarantees, financial consulting, credit verification and advisory agency services; engaging in interbank borrowing; accepting bills of members of the group; and investing in fixed-income marketable securities.

As further advised by the Directors, SIIC Finance is required to operate in compliance with the 《企業集團財務公司管理辦法》(Management Measures for Finance Companies of Enterprise Groups\*, the "Administrative Measures") promulgated by China Banking and Insurance Regulatory Commission\* (中國銀行保險監督管理委員會), which was replaced by NFRA in May 2023. Pursuant to the Administrative Measures, it regulates the operation of non-banking financial institutions which provide financial management services to the enterprise group member entities. The Administrative Measures set out certain compliance and risk control requirements/measures in relation to the operation of group finance companies, including but not limited to maintaining certain financial ratios at all times. Furthermore, pursuant to the Administrative Measures, the parent group company and controlling shareholder(s) of group finance company shall supplement such group finance company's capital when necessary. According to the articles of association of SIIC Finance as provided by the Company, both the parent group company and controlling shareholder of SIIC Finance are SIIC Shanghai. SIIC Shanghai recorded monetary funds of approximately RMB41.57 billion and net asset value of approximately RMB111.40 billion (both on a consolidated level) as at 30 September 2025, which is substantially higher than the Proposed Deposit Services Annual Caps (i.e. RMB2 billion).

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## LETTER FROM GRAM CAPITAL

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Based on our discussions with SIIC Finance, we understood the following:

- NFRA monitors SIIC Finance's operations and compliance with relevant laws and regulations, through on-site examinations and off-site surveillance, from time to time. The NFRA may impose corrective and punitive measures, including fines and ordering the suspension of certain business activities. According to SIIC Finance, the NFRA has not taken any disciplinary actions, or imposed penalties or fines on SIIC Finance for the two years ended 31 December 2025. As further advised by SIIC Finance, SIIC Finance is required to submit quarterly operational analysis report of SIIC Finance's business operation to the NFRA.
- Being a group finance company, SIIC Finance provides financial services as mentioned above to members of SIIC Shanghai group. As such, SIIC Finance may face a higher customer concentrations risk than the PRC commercial banks (whose customers are the general public). The default of any one of SIIC Finance's customers may cause more negative impact to SIIC Finance than the default of any one of the PRC commercial banks' customers. However, as a subsidiary of SIIC Shanghai, SIIC Finance can access to the details of financial positions of its customers (i.e SIIC Shanghai group members), and can obtain sufficient information in advance to determine whether to grant the loan to the applicant. The situation is different for most of the PRC commercial banks as limited information is available to the commercial banks to evaluate their customers. As such, the high customer concentration risk may be mitigated with additional information available to SIIC Finance.
- A risk management committee under the board of directors of SIIC Finance has been established to, among other things, (i) review and amend the overall objectives, policies and procedures of SIIC Finance's comprehensive risk management work; (ii) conduct research on SIIC Finance's internal control system and proposing amendments; (iii) review risk management strategies and major risk management solutions; (iv) submit comprehensive risk management report; and (v) report major risk events to the board of directors of SIIC Finance in a timely manner and submit relevant solution. The risk management committee comprises three members (i.e. one committee chairman (主任委員) and two committee members), who are SIIC Finance's directors.
- Risk and compliance department of SIIC Finance is the centralized management department for risk and compliance management. Its main responsibilities include: organizing the construction of a comprehensive risk management system, identifying, assessing, monitoring, and reporting major risks; reviewing and evaluating the compliance of various policies, procedures, and operational processes; continuously monitoring the latest developments in laws, regulations, and standards, and understanding their impact on operations; providing necessary compliance reviews and tests for the development of new products and new businesses, etc..

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## LETTER FROM GRAM CAPITAL

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- SIIC Finance has established processes and systems related to risk control. It has clearly defined the standards for the construction of the internal control system within the system framework. Each department, within its scope of responsibilities and based on the characteristics of its various businesses and risk management requirements, formulated its own business management measures, operating procedures, and implementation details. This ensures the separation of responsibilities for the front, middle, and back offices, as well as mutual supervision, to effectively fulfil all responsibilities related to internal control and risk management.
- SIIC Finance continuously improves its internal control management system, clarifies internal control and compliance standards, and optimizes the hierarchical structure of the system.
- In 2025, SIIC Finance did not experience any risk events. As at 31 December 2025, all regulatory indicators of SIIC Finance were in compliance with regulation requirements.

With reference to the Board Letter, the Company will adopt certain measures to monitor and mitigate the credit risk arising from the transactions under the Financial Services Agreement (the “**Risk Management Measures**”), details of which are set out under the section headed “Internal Control and Risk Management Measures” of the Board Letter. Having considered that (i) the finance department of the Company will monitor the amount of daily outstanding balance of deposits placed by the Group with SIIC Finance on a regular basis; (ii) the Company will, on an ongoing basis, monitor any enforcement actions issued by the relevant authorities in respect of SIIC Finance and will report to management as appropriate; (iii) the Company will conduct risk assessments and reviews of SIIC Finance on a regular basis to assess its financial standing and creditworthiness, as well as the credit risk and/or default risk associated with the transactions contemplated under the Financial Services Agreement; (iv) the Company will review SIIC Finance’s financial statements, to the extent available, on an ongoing basis in order to monitor its performance and assess the safety of the deposits placed by the Group with SIIC Finance; (v) the Group will take proper and appropriate measures to protect its deposits in the event that SIIC Finance fails to comply with any regulatory requirement which may have a material adverse impact on the deposits placed by the Group with SIIC Finance; and (vi) the Board will review annually the Group’s internal control system and its effectiveness, we consider that the Risk Management Measures are sufficient.

Based on the above factors, in particular (i) SIIC Finance is required to operate in compliance with the Administrative Measures, which set out certain compliance and risk control requirements/measures in relation to the operation of group finance companies; (ii) the parent group company and controlling shareholder(s) of group finance company will increase such group finance company’s capital accordingly based on the actual need pursuant to the Administrative Measures; (iii) SIIC Shanghai (being both the parent group company and controlling shareholder of SIIC Finance) recorded monetary funds of approximately RMB41.57 billion and net asset value of approximately RMB111.40 billion (both on a consolidated level) as at 30 September 2025, which is substantially higher than the Proposed Deposit Services Annual Caps (i.e. RMB2 billion); and (iv) the Risk Management Measures are sufficient as aforementioned, we consider that the credit risk in respect of the Deposit Services may be mitigated.

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## LETTER FROM GRAM CAPITAL

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### Reasons for and benefit of the Deposit Services

With reference to the Board Letter, the Company entered into the Financial Services Agreement due to the following reasons:

- (1) the centralised treasury management services provided by SIIC Finance enable the Group to optimise overall capital utilisation and enhance cost-effectiveness and operational efficiency through improved coordination of cash flows and liquidity management across the Group;
- (2) SIIC Finance offers competitive interest rates for both Deposit Services and credit services. The favourable deposit rates enhance the Group's returns on surplus funds, while the competitive lending rates help reduce the Group's overall finance costs. The terms (including interest rates) are no less favourable than those available from other major commercial banks or financial institutions in the PRC;
- (3) the service fees and charges levied by SIIC Finance are competitive and cost-effective, and the finance costs of the Group can be reduced due to such favourable service fees for the funds settlement, collection and payment services and the other financial services;
- (4) SIIC Finance is familiar with the Group's business, including its capital structure, strategic direction, operating model, funding requirements and cash-flow patterns. This enables SIIC Finance to offer more flexible and customised financial products and services tailored to the Group's operational needs, enhancing capital efficiency and supporting the Group's business requirements more effectively than standardised offerings from external financial institutions;
- (5) SIIC Finance has a streamlined organisational structure and efficient internal decision-making processes, enabling it to respond promptly to the Group's financial service needs and provide greater flexibility in structuring financing terms and tenors. This responsiveness supports faster decision-making, facilitates more efficient financial planning and unlocks strategic synergies through a deeper, more integrated relationship; and
- (6) the Group's portfolio of principal bankers and/or financial institutions will be diversified during the term of the Financial Services Agreement, thereby reducing concentration risk and enhancing the Group's financial flexibility. In addition, access to financial services from SIIC Finance strengthens the Group's negotiating position when dealing with other major commercial banks and financial institutions in the PRC, potentially resulting in more favourable terms across the Group's banking relationships.

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## LETTER FROM GRAM CAPITAL

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The Financial Services Agreement does not restrict the Group to deposit services provided by third parties and therefore offers an additional option to the Group and increases the financial flexibility of the Group. The Company advises that its criteria in making the choice in the deposit services could be made on benefits and quality of services. Therefore, the Group may, but is not obliged to, use SIIC Finance's deposit services if such services is competitive to the same type of services provided by independent commercial banks.

Pursuant to the Financial Services Agreement, under the same conditions, the interest rates for the deposits to be placed by the Group with SIIC Finance shall not be lower than those offered by other major commercial banks in the PRC for the same type of deposits during the same period, nor shall they be lower than the rates offered by SIIC Finance for the same type of deposits accepted from third parties (Note 1) during the same period.

In light of the above factors, in particular the pricing policy of the Deposit Services, we consider that the Deposit Services are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

### **Principal terms of the Deposit Services**

Set out below are the key terms of the Deposit Services, details of which are set out under the section headed "The Financial Services Agreement" of the Board Letter.

**Date:** 27 February 2026

**Parties:** (1) the Company; and  
(2) SIIC Finance.

**Subject matter:** The Group shall engage SIIC Finance for the provision of Deposit Services.

**Term:** The term shall not exceed three (3) years commencing from the Effective Date until 31 December 2028, subject to both parties obtaining the necessary authorisations or approvals in accordance with their respective memorandum and articles of association or other constitutional documents, applicable laws and regulations (including but not limited to the Hong Kong Listing Rules and the SGX Listing Manual). Either party may terminate the Financial Services Agreement early upon mutual agreement. The Financial Services Agreement may be renewed upon obtaining the necessary authorisations or approval and the term of each renewal shall not exceed three (3) years.

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## LETTER FROM GRAM CAPITAL

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### **Pricing principles:**

The interest rates for the deposits to be placed with SIIC Finance by the Group shall be determined on a fair basis in compliance with the interest rate policies of the People's Bank of China, taking into account the prevailing market interest rates whilst offering preferential terms. Under the same conditions, such rates shall not be lower than those offered by other major commercial banks in the PRC for the same type of deposits during the same period, nor shall they be lower than the rates offered by SIIC Finance for the same type of deposits accepted from third parties (Note 1) during the same period.

Based on our independent research on continuing connected transactions conducted by other companies listed on the Stock Exchange involving provision of deposit services by group finance companies to listed issuers, we noted that comparing interest rates of similar deposits offered by major commercial banks in the PRC is a commonly adopted pricing policy. Therefore, we consider that the pricing policy contemplated under the Financial Services Agreement is in line with market practice.

With reference to the Board Letter, the Group has taken the specific measures in relation to the Deposit Services. The finance department of the Company shall be responsible for the operations and monitoring of the Deposit Services. Details of the measures were set out under the section headed "Internal Control and Risk Management Measures" of the Board Letter. Given that there will be interest rates comparison steps for the Deposit Services, we consider that the internal control measures are sufficient for the fair pricing of the Deposit Services.

We further noted that (i) before placing a deposit with SIIC Finance, the Group will assess the aggregate amount of daily outstanding balance of deposits placed by the Group with SIIC Finance; and (ii) SIIC Finance agreed to assist the Group in monitoring and managing the amount of daily outstanding balance of deposits placed by the Group with SIIC Finance to ensure that the actual daily outstanding balance of deposits (including accrued interest) does not exceed the maximum daily outstanding balance of deposits. Given the aforesaid, we consider that there are sufficient measures for monitoring the proposed annual caps of the Deposit Services.

### **The Proposed Deposit Services Annual Caps**

Set out below are the Proposed Deposit Services Annual Caps (i) for the period from the Effective Date to 31 December 2026 (the "2026 Period"); and (ii) for each of the two years ending 31 December 2028.

	<b>For the period from the Effective Date to 31 December 2026 <i>(RMB'million)</i></b>	<b>For the year ending 31 December 2027 <i>(RMB'million)</i></b>	<b>For the year ending 31 December 2028 <i>(RMB'million)</i></b>
The Proposed Deposit Services Annual Caps	2,000	2,000	2,000

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## LETTER FROM GRAM CAPITAL

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As advised by the Directors, no historical transaction amounts are available, as the Group and SIIC Finance have not previously engaged in any transactions relating to deposit services.

Details of the bases for determining the Proposed Deposit Services Annual Caps for the 2026 Period and two years ending 31 December 2028 are set out under the section headed “Annual Caps – (1) Deposit services” of the Board Letter.

As stated under the section headed “Business overview of the Group” above and as advised by the Directors, as at 31 December 2025, the Group’s bank balances (including pledged bank deposits, bank deposits and cash and cash equivalents) amounted to approximately RMB3,488.86 million, and a majority proportion of which could be able to be placed in SIIC Finance. The amount of the Group’s bank balances (including pledged bank deposits, bank deposits and cash and cash equivalents) is much larger than the Proposed Deposit Services Annual Caps, which indicates the Group’s possible demand of deposit services to be provided by commercial banks in the PRC and SIIC Finance.

As it is difficult to forecast the Group’s total cash level for whole period for the term of the Financial Services Agreement, should there be any substantial increase in total cash of the Group, the Group may opt to deposit larger portion of cash in commercial banks or re-comply with the applicable provisions of the Hong Kong Listing Rules governing continuing connected transactions to revise the Proposed Deposit Services Annual Caps.

Having considered that (i) the amount of the Group’s bank balances (including pledged bank deposits, bank deposits and cash and cash equivalents) of approximately RMB3,488.86 million, the majority of which could be able to be placed in SSIIC Finance, indicates the Group’s possible demand of deposit services to be provided by, among other things, SIIC Finance; and (ii) the Group may, among other things, deposit larger portion of cash in commercial banks should there be substantial increase in total cash of the Group, we are of the view that the Proposed Deposit Services Annual Caps, which are the same, for the 2026 Period and the two years ending 31 December 2028 are fair and reasonable.

### **Hong Kong Listing Rules implication**

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Hong Kong Listing Rules pursuant to which (i) the maximum amounts of the Deposit Services must be restricted by the Proposed Deposit Services Annual Caps for the period concerned under the Financial Services Agreement; (ii) the terms of the Deposit Services must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors’ annual review on the terms of the transactions contemplated under the Financial Services Agreement must be included in the Company’s subsequent published annual reports.

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## LETTER FROM GRAM CAPITAL

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Furthermore, it is also required by the Hong Kong Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Deposit Services (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iii) have exceeded the annual caps.

In the event that the maximum amounts of the Deposit Services are anticipated to exceed the Proposed Deposit Services Annual Caps, or that there is any proposed material amendment to the terms of the Financial Services Agreement, the Company shall comply with the applicable provisions of the Hong Kong Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for continuing connected transactions pursuant to the Hong Kong Listing Rules, we are of the view that there are adequate measures in place to monitor the Deposit Services and thus the interest of the Independent Shareholders would be safeguarded.

### RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Deposit Services (including the Proposed Deposit Services Annual Caps) are on normal commercial terms and are fair and reasonable; and (ii) the Deposit Services are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the AGM to approve the Deposit Services and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,  
For and on behalf of  
**Gram Capital Limited**  
**Graham Lam**  
*Managing Director*

#### *Notes:*

1. As confirmed by SIIC Finance, the “third parties” herein means members of SIIC Shanghai (excluding the Group).
2. Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 30 years of experience in investment banking industry.

\* *For identification purpose only*

## 1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three financial years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 are disclosed in the following documents which have been published on both the website of the Stock Exchange (<https://www.hkexnews.hk>) and the website of the Company (<https://www.siicenv.com/en/>):

- annual report of the Company for the year ended 31 December 2022 published on 5 April 2023 (page 125 to 264) (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0405/2023040500015.pdf>);
- annual report of the Company for the year ended 31 December 2023 published on 3 April 2024 (pages 122 to 244) (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0403/2024040301662.pdf>);
- annual report of the Company for the year ended 31 December 2024 published on 2 April 2025 (pages 108 to 221) (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0402/2025040202049.pdf>); and
- interim report of the Company for the six months ended 30 June 2025 published on 5 September 2025 (pages 31 to 60) (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0905/2025090500912.pdf>).

## 2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 January 2026, being the latest practicable date for the sole purpose of determining this statement of indebtedness and contingent liabilities of the Group prior to the date of this circular, save as otherwise disclosed herein, the Group had aggregate outstanding borrowings of approximately RMB21,746,984,691 and the details are as follows:

	<i>RMB'000</i>
Bank borrowings	
– Secured and guaranteed	2,292,514
– Secured and unguaranteed	8,932,101
– Unsecured and guaranteed	674,359
– Unsecured and unguaranteed	5,867,287
Other borrowings	
– Unsecured and unguaranteed	1,379,004
Amounts due to related companies	
– Unsecured and unguaranteed	2,601,719

**Mortgage and Charges**

As at the close of business on 31 January 2026, the Group's bank and other borrowings of approximately RMB11,224,615,657 were secured by certain plant and machineries, certain intangible assets, certain land use rights, receivables under service concession arrangements, certain trade receivables and pledged bank deposits of the Group.

**Lease liabilities**

As at 31 January 2026, the Group had lease obligations of approximately RMB53,515,259 related to the lease of office premises and commercial units in Singapore and the PRC which were secured by rental deposits and unguaranteed.

**Contingent liabilities**

The Group had no material contingent liabilities as at 31 January 2026.

**General**

Except as disclosed above and apart from intra-group liabilities, the Group did not have, as at 31 January 2026, any other debt securities issued or outstanding, and authorised or otherwise created but unissued, term loans, other borrowings and indebtedness, bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchases commitments, mortgages, charges, guarantees or other material contingent liabilities.

**3. WORKING CAPITAL**

The Directors are of the opinion that, taking into account the financial resources available to the Group including the internally generated funds and the present available bank facilities, and taking into account the impact of the deposit services contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps, the Group will have sufficient working capital for its present requirements, and for at least twelve months from the date of this circular.

**4. MATERIAL ADVERSE CHANGE**

The Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

## 5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in the investment, construction and operation of wastewater treatment, water supply, sludge treatment and solid waste incineration projects in the People's Republic of China (the "PRC"), primarily under long-term concession arrangements.

For the financial year ended 31 December 2024, the Group recorded stable revenue and maintained profitability. The Group continues to derive recurring income from its established portfolio of environmental infrastructure projects, supported by concession-based arrangements and service fee mechanisms. Cash flows are principally generated from operating activities.

Since 31 December 2024 and up to the Latest Practicable Date, the Group's business operations have remained normal. The Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2024.

The environmental protection sector in the PRC continues to benefit from policy support in areas such as water quality enhancement, pollution control and sustainable development. Demand for wastewater treatment and related environmental services remains stable. Nevertheless, the Group's performance may be influenced by factors including regulatory developments, tariff adjustments, macroeconomic conditions, financing costs and counterparty credit risks.

The proposed Interested Person Transaction is entered into in the ordinary course of business and is not expected to materially and adversely affect the existing business operations, financial position or liquidity of the Group.

Barring unforeseen circumstances, the Directors are of the view that the Group's overall trading outlook remains stable.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Interests and Short Positions of the Directors and Chief Executive Officer in the Shares, Underlying Shares and Debentures of the Company and Its Associated Corporations

The interests or short positions of the Directors and chief executive officer of the Company in the Shares of the Company or underlying shares of or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or, which are required to be recorded in the register of directors' or chief executive officer's shareholdings kept by the Company under section 164 of the Companies Act 1967 of Singapore, or, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to notify the Company and the SEHK pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers ("Model Code") contained in Appendix C3 to the Rules Governing the Listing of Securities on the SEHK (the "Hong Kong Listing Rules"), as at the Latest Practicable Date, were as follows:

Name of Directors	Capacity/Nature of interest	Number of ordinary shares	Approximate percentage of interest
Zhong Ming	Beneficial interest	1,000,000 (L)	0.04%

*Note:*

(L) denotes long position

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive officer of the Company had any interests or short positions in the Shares, underlying shares, or debentures of the Company or any of its associated corporations which had to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the SEHK.

**(b) Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares**

As at the Latest Practicable Date, the substantial shareholders and persons or entities who had interests or short positions in the Shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Substantial Shareholder	Capacity/Nature of interest	Number of ordinary shares	Approximate Percentage of interest
S. I. Triumph Power Limited ("Triumph") <sup>(1)</sup>	Beneficial interest	986,929,551 (L)	38.32%
S. I. Infrastructure Holdings Limited ("SIH") <sup>(1)</sup>	Beneficial interest/ Interest in controlled corporation	1,152,348,026 (L)	44.74%
SIHL Treasury Limited <sup>(1)</sup>	Beneficial interest	116,137,900(L)	4.51%
Shanghai Industrial Holdings Limited ("SIHL") <sup>(1)</sup>	Interest in controlled corporation	1,268,485,926 (L)	49.25%
Shanghai Investment Holdings Limited <sup>(1)</sup>	Interest in controlled corporation	1,268,485,926 (L)	49.25%
Shanghai Industrial Investment Treasury Company Limited <sup>(1)</sup>	Interest in controlled corporation	1,268,485,926 (L)	49.25%
SIIC Trading Company Limited <sup>(1)</sup>	Beneficial interest	22,358,000(L)	0.87%
Shanghai Industrial Investment (Holdings) Company Limited ("SIIC") <sup>(1)</sup>	Interest in controlled corporation	1,290,843,926 (L)	50.12%

Name of Substantial Shareholder	Capacity/Nature of interest	Number of ordinary shares	Approximate Percentage of interest
China Energy Conservation & Environmental Protection (Hong Kong) Investment Co., Limited (“CECEPHK”) <sup>(2)</sup>	Beneficial interest	223,712,917 (L)	8.69%
Value Partners Limited (“VPL”) <sup>(3)</sup>	Interest in controlled corporation	7,524,940 (L)	0.29%
Value Partners Hong Kong Limited (“VPLHK”) <sup>(3)</sup>	Beneficial interest/ Interest in controlled corporation	231,600,920 (L)	8.99%
Value Partners Group Limited (“VPGL”) <sup>(3)</sup>	Interest in controlled corporation	231,600,920 (L)	8.99%

## Notes:

- (1) Each of SIIC, which is controlled by the Shanghai Municipal People’s Government (through its wholly-owned subsidiaries, namely Shanghai Investment Holdings Limited, SIIC Capital (B. V. I.) Limited, SIIC Trading Company Limited, Shanghai Industrial Financial Holdings (Hong Kong) Company Limited and SIIC CM Development Limited, holds more than 20% of the issued and paid-up share capital of SIHL, which owns all the issued and paid-up share capital of SII, which in turn owns all the issued and paid-up share capital of Triumph. In addition, SIHL owns all the issued and paid-up share capital of SIHL Treasury Limited. As such, SIIC, Shanghai Investment Holdings Limited, SIHL and SII are deemed to be interested in the shares held by Triumph and SIHL Treasury Limited (excluding SII).

Shanghai Investment Holdings Limited is directly interested in approximately 47.77% of the total issued share capital of SIHL and is indirectly interested in approximately 7.36% of the total issued capital of SIHL through its wholly-owned subsidiary SIIC Capital (B. V. I.) Limited. Shanghai Industrial Investment Treasury Company Limited is directly interested in 100% of the total issued share capital of Shanghai Investment Holdings Limited. In addition, SIIC is interested in approximately 63% of the total issued share capital of SIHL through its directly and indirectly wholly-owned subsidiaries. Therefore, each of the SIIC, Shanghai Industrial Investment Treasury Company Limited and Shanghai Investment Holdings Limited is deemed to be interested in a total of 1,290,843,926 Shares by virtue of their interests in SIHL.

- (2) CECEPHK is deemed interested in the shares held through account of BOCI Securities Limited in CCASS Depository. BOCI Securities Limited is the agency of CECEPHK. CECEP is deemed to be interested in the Shares held by CECEPHK as CECEP owns the entire issued share capital of CECEPHK.
- (3) VPGL is deemed to be interested in the Shares via its 100% ownership in VPLHK, which in turn 100% owns VPL. VPLHK is directly interested in 224,075,980 Shares and is deemed interested in 7,524,940 Shares via its 100% ownership in VPL

Other than as disclosed above, the Company has not been notified of any other relevant interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept by the Company under Section 336 of the SFO as at the Latest Practicable Date.

- (c) **As at the Latest Practicable Date, so far as was known to the Directors, the following Directors are also directors or employees of SIIC:**

<b>Name of Director</b>	<b>Position held in SIIC</b>
Zhou Yuding	Director and General Manager of Asset Management Department

### **3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into a service contract with the Company or any member of the Group which would not expire or was not determinable by the relevant employer within one year without payment of compensation other than statutory compensation.

### **4. DIRECTORS' INTERESTS IN ASSETS**

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, none of the Directors had any direct or indirect interests in any assets which had been acquired or disposed of by, or leased to any member of the Group or were proposed to be acquired or disposed of by, or leased to any member of the Group since 31 December 2024, being the date to which the latest audited consolidated accounts of the Group were made up.

### **5. DIRECTORS' INTEREST IN CONTRACTS OR ARRANGEMENTS**

To the best of the Directors' knowledge, information and belief, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and was significant in relation to the business of the Group.

### **6. DIRECTORS' INTEREST IN COMPETING BUSINESS**

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, none of the Directors or any of their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the Group's business.

## 7. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinion or advice, which is included in this circular:

<b>Name</b>	<b>Qualification</b>
Gram Capital	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity as defined under the SFO

Each of the experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, report and/or references to its name in the form and context in which they appear.

As at the Latest Practicable Date, each of the experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the experts did not have any direct or indirect interest in any assets which have been, since 31 December 2024, being the date to which the latest audited consolidated accounts of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

## 8. MATERIAL CONTRACTS

The Group has entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this circular which is or may be material:

- (a) the Financial Services Agreement.

\* *For identification purpose only.*

**9. LITIGATION**

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group that would have a material adverse effect on the results of operations or financial conditions of the Group.

**10. MISCELLANEOUS**

- (a) The registered office of the Company is at One Temasek Avenue #37-02 Millenia Tower Singapore 039192.
- (b) The principal place of business of the Company in Kong Kong is at Room 1601, 16th Floor, Wing On Centre, 111 Connaught Road, Central, Hong Kong.
- (c) The Company's Share Registrar office in Singapore is In.Corp Corporate Services Pte. Ltd., 36 Robinson Road #20-01 City House Singapore 068877 (for Singapore Shareholders) and the Company's Hong Kong branch share registrar and transfer office is Computershare Hong Kong Investor Services Limited at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for Hong Kong Shareholders)
- (d) The joint company secretary of the Company is Mr. Lee Wei Hsiung (Associate of the Chartered Secretaries Institute of Singapore) and Ms. Kam Mei Ha Wendy (member of The Chartered Governance Institute in the United Kingdom and The Hong Kong Chartered Governance Institute).
- (e) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

**11. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.siicenv.com/en/>) for a period of 14 days from the date of this circular:

- (a) the Financial Services Agreement; and
- (b) the letter of consent from Gram Capital.

CIRCULAR DATED 27 MARCH 2026

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.**

**If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, financial, tax or other independent professional adviser immediately.**

This Circular is circulated to the shareholders of the Company (the “Shareholders”) to provide the Shareholders with information relating to and explaining to Shareholders the rationale for the Proposed IPTs (as defined herein) to be tabled at the Annual General Meeting of the Company to be held at Conrad Singapore Marina Bay, Level 2, North Room, 2 Temasek Boulevard, Singapore 038982 on 29 April 2026 at 10.00 a.m. (the “2026 AGM”). The Notice of the 2026 AGM and the accompanying Proxy Form are to be circulated to the Shareholders together with this Circular.

If you have sold or transferred all your shares in the capital of the Company held through CDP, you need not forward this Circular, the Notice of the 2026 AGM and the accompanying Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company, you should immediately forward this Circular, the Notice of the 2026 AGM and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

The Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

Singapore Exchange Securities Trading Limited (the “SGX-ST”) assumes no responsibility for the accuracy or correctness of any statements or opinions made, or reports contained, in this Circular.



*(Incorporated in the Republic of Singapore with limited liability)*

*(Company Registration Number 200210042R)*

**(Hong Kong stock code: 807)**

**(Singapore stock code: BHK)**

**CIRCULAR TO SHAREHOLDERS**

**in relation to**

**THE DEPOSIT SERVICES PROPOSED TO BE PROVIDED BY  
SIIC FINANCE PURSUANT TO THE FINANCIAL SERVICES AGREEMENT AS  
INTERESTED PERSON TRANSACTIONS (THE “PROPOSED IPTS”)**

**Independent Financial Adviser in respect of the Proposed IPTs**



**RHT CAPITAL PTE. LTD.**

**(Incorporated in the Republic of Singapore)**

**(Company Registration Number: 201109968H)**



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## DEFINITIONS

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*In this Circular, the following definitions shall apply throughout unless the context otherwise requires:*

“2026 AGM”	:	The AGM to be held at Conrad Singapore Marina Bay, Level 2, North Room 2 Temasek Boulevard, Singapore 038982 on 29 April 2026 at 10.00 a.m., or any adjournment thereof
“AGM”	:	Annual general meeting of the Company
“associate”	:	Has the meaning ascribed to it in the Listing Manual and as reproduced in Section 2.4(e)
“Audit Committee”	:	The audit committee of the Company for the time being
“Board”	:	The board of directors of the Company
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 27 March 2026
“Companies Act”	:	The Companies Act 1967 of Singapore
“Company”	:	SIIC Environment Holdings Ltd.
“Controlling Shareholder”	:	A person who:  (a) holds directly or indirectly 15.0% or more of the total voting rights in a company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or  (b) in fact exercises control over a company
“Credit Services”	:	The credit services to be provided by SIIC Finance to the Group pursuant to the Financial Services Agreement, details of which are set out against the column entitled “Credit services” in Section 2.2

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## DEFINITIONS

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- “Deposit Services” : The deposit services to be provided by SIIC Finance to the Group pursuant to the Financial Services Agreement, details of which are set out against the columns entitled “Deposit services” and “Annual cap for deposit services” in Section 2.2 and in Section 2.3
- “Directors” : The directors of the Company for the time being
- “Effective Date” : The date on which the parties to the Financial Services Agreement have obtained their respective necessary authorisations or approvals in relation to the transactions contemplated thereunder, including approval from the Independent Shareholders at the 2026 AGM
- “entity at risk” : Has the meaning ascribed to it in the Listing Manual and as reproduced in Section 2.4(a)
- “Financial Services Agreement” : the financial services agreement dated 27 February 2026 entered into between the Company and SIIC Finance in relation to the financial services to be provided by SIIC Finance to the Group, details of which are further set out in Section 2.2 and 2.3
- “FY” : Financial year ended or ending 31 December
- “Group” : The Company and its subsidiaries from time to time
- “Hong Kong Listing Rules” : the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
- “IFA” : RHT Capital Pte. Ltd., the independent financial adviser pursuant to Rule 921(4)(a) of the Listing Manual as well as to advise the Non-Interested Directors and the Audit Committee in relation to the Proposed IPTs
- “IFA Letter” : The letter dated 27 March 2026 from the IFA to the Non-Interested Directors and the Audit Committee in relation to the Proposed IPTs, as set out in Appendix of this Circular

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## DEFINITIONS

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- “Independent Shareholders” : Shareholders who are independent for the purposes of the Proposed IPTs, being Shareholders other than SIIC and its associates
- “interested person” : Has the meaning ascribed to it in the Listing Manual and as reproduced in Section 2.4(d)
- “interested person transaction” : Has the meaning ascribed to it in the Listing Manual and as reproduced in Section 2.4(g)
- “Latest Practicable Date” : 25 March 2026, being the latest practicable date prior to the printing of this Circular
- “Listing Manual” : The Listing Manual of the SGX-ST, including any amendments made thereto up to the Latest Practicable Date
- “NFRA” : The National Financial Regulatory Administration (國家金融監督管理總局) which is responsible for implementing the policies and decisions of the Central Committee of the Communist Party of China on financial work and conducts unified supervision and regulation of the financial industry except the securities sector in accordance with laws and regulations, strengthens institutional supervision, conduct supervision, functional supervision, look-through supervision and on-going supervision, and ensures the lawful, safe and sound operation of the financial industry
- “Notice of the 2026 AGM” : The notice of AGM dated 27 March 2026 and the accompanying Proxy Form are to be circulated to the Shareholders together with this Circular
- “Non-Interested Directors” : Directors who are deemed independent for the purposes of making a recommendation to Shareholders in relation to the Proposed IPTs, namely, all the Directors except Mr. Zhou Yuding
- “NTA” : Net tangible assets
- “Other Financial Services” : The other financial services to be provided by SIIC Finance to the Group pursuant to the Financial Services Agreement, details of which are set out against the column entitled “Other financial services” in Section 2.2

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## DEFINITIONS

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“PRC”	:	The People’s Republic of China, for the purpose of this circular only, excluding Hong Kong, and Macao Special Administrative Region of the PRC and Taiwan
“PRC Major Commercial Banks”	:	The following PRC systemically important banks: Industrial and Commercial Bank of China, Bank of China, China Construction Bank, Agricultural Bank of China and Bank of Communications
“Proposed Deposit Services Annual Caps”	:	The proposed aggregate amounts of the maximum daily outstanding balance of deposits (including accrued interests) that may be placed by the Group with SIIC Finance pursuant to the Financial Services Agreement for the period from the Effective Date to 31 December 2026 and each of the financial years ending 31 December 2027 and 2028, details of which are set out against the column entitled “Annual cap for deposit services” in Section 2.2
“Proposed IPTs”	:	The Deposit Services proposed to be provided by SIIC Finance pursuant to the Financial Services Agreement, as interested person transactions
“Proxy Form”	:	The instrument appointing a proxy for the 2026 AGM as set out in this Circular
“Register of Members”	:	The Register of Members of the Company
“RMB”	:	Renminbi, the lawful currency of the PRC
“Securities Accounts”	:	Securities accounts maintained by Depositors with CDP, but not including securities sub-accounts maintained with a Depository Agent
“SFA”	:	The Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited

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## DEFINITIONS

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- “Shareholders” : Registered holders of Shares in the Register of Members, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, and where the context admits, mean the persons named as Depositors in the Depository Register maintained by the CDP and whose Securities Accounts maintained by the CDP are credited with those Shares
- “Shares” : Ordinary shares in the capital of the Company
- “SIIC” : Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company
- “SIIC Finance” : SIIC Shanghai Group Finance Co., Ltd.\*(上海上實集團財務有限公司), a company established in the PRC with limited liability and a subsidiary of SIIC Shanghai
- “SIIC Shanghai” : 上海上實(集團)有限公司(SIIC Shanghai Holdings Co., Ltd.\*), a company established in the PRC with limited liability with SIIC as the authorised representative exercising state-owned shareholder’s right over it
- “Substantial Shareholder” : A person who has an interest directly or indirectly in 5% or more of the total number of voting Shares of the Company
- “%” or “per cent.” : Percentage or per centum

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them in Section 81SF of the SFA.

The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.

References to persons, where applicable, shall include corporations.

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## DEFINITIONS

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Any reference in this Circular to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA, the Listing Manual, or any relevant laws of Singapore or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the Listing Manual or any relevant laws of Singapore or any modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in figures included in this Circular between the amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Any reference to a time of day and date in this Circular is a reference to Singapore time and date, respectively, unless otherwise stated.

Any reference to “we”, “us” and “our” in this Circular is a reference to the Group or any member of the Group as the context requires.

For the purposes of this Circular, Ashurst LLP has been appointed as the legal adviser to the Company as to Singapore laws and Ashurst Hong Kong has been appointed as the legal adviser to the Company as to Hong Kong laws.

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LETTER FROM THE BOARD

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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)*

*(Company Registration Number 200210042R)*

**(Hong Kong stock code: 807)**

**(Singapore stock code: BHK)**

***Chairman of the Board, Executive Director:***

Mr. Zhou Yuding

***Chief Executive Officer, Executive Director:***

Mr. Ji Guanglin

***Executive Directors:***

Mr. Yang Xing

Mr. Wang Xiwang

***Lead Independent Non-Executive Director:***

Dr. Kimmis Pun Kim Ming

***Independent Non-Executive Directors:***

Mr. An Hongjun

Mr. Zhong Ming

***Headquarters, Registered Office and***

***Principal Place of Business in Singapore:***

One Temasek Avenue #37-02 Millenia

Tower Singapore 039192

***Principal Place of Business in Hong Kong:***

Room 1601, 16th Floor

Wing On Centre

111 Connaught Road Central

Hong Kong

27 March 2026

To: Shareholders

Dear Sir/Madam,

**THE DEPOSIT SERVICES PROPOSED TO BE PROVIDED BY  
SIIC FINANCE PURSUANT TO THE FINANCIAL SERVICES AGREEMENT AS  
INTERESTED PERSON TRANSACTIONS (THE “PROPOSED IPTS”)**

**1. INTRODUCTION**

The Directors are convening the 2026 AGM to be held on 29 April 2026 to seek the approval of the Shareholders for, among others, the Proposed IPTs. Further details on the Proposed IPTs are set out in Section 2.

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## LETTER FROM THE BOARD

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The purpose of this Circular is to provide Shareholders with information relating to the Proposed IPTs and to seek Shareholders' approval for the same at the 2026 AGM.

The SGX-ST assumes no responsibility for the correctness of any statements made or reports contained or opinions expressed in this Circular.

## 2. PROPOSED IPTS

### 2.1 Background

The Board had on 1 March 2026 announced that the Company entered into the Financial Services Agreement with SIIC Finance, pursuant to which the Group will engage SIIC Finance for the provision of deposit services, credit services and other financial services for a term not exceeding three (3) years.

The Financial Services Agreement will take effect on the Effective Date, subject to receipt of the requisite Shareholders' approvals.

#### *Information on SIIC Finance*

SIIC Finance is a subsidiary of SIIC Shanghai, over which SIIC is the authorised representative exercising state-owned shareholder's right. SIIC Finance is a non-bank financial institution with a financial license, under industrial regulation by the NFRA, which is principally engaged in accepting deposits from members of the Group; providing loans to members of the Group; discounting bills of members of the Group; settling funds, collecting funds from and making payments to members of the Group; providing entrusted loans to members of the Group, bond underwriting, non-financial guarantees, financial consulting, credit verification and advisory agency services; engaging in inter-bank borrowing; accepting bills of members of the group; and investing in fixed-income marketable securities.

SIIC Finance officially commenced operations on 16 October 2014 with a registered capital of RMB 1 billion. According to the 2025 unaudited annual financial statements of SIIC Finance, as at 31 December 2025, SIIC Finance's total assets amounted to RMB 11,526.17 million and total owners' equity amounted to RMB 1,447.21 million. For the year 2025, SIIC Finance achieved operating income of RMB 126.64 million and net profit of RMB 61.34 million. In terms of creditworthiness, as at 31 December 2025, SIIC Finance had a capital adequacy ratio of 19.57% and a liquidity ratio of 63.21%.

SIIC Shanghai is principally engaged in investment holding and property investment.

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## LETTER FROM THE BOARD

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SIIC is wholly-owned by State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government and is principally engaged in financial investment, medicine, infrastructure and environmental protection, real estate and consumer products.

As at the Latest Practicable Date, SIIC is deemed to be interested in an aggregate of 1,290,843,926 Shares, which is equivalent to approximately 50.12% of the total number of Shares in issue. Accordingly, SIIC is regarded as a Controlling Shareholder for the purposes of Chapter 9 of the Listing Manual.

As at the Latest Practicable Date, SIIC Finance is a subsidiary of SIIC Shanghai, over which SIIC, the controlling shareholder of the Company, is the authorised representative exercising state-owned shareholder's right. Accordingly, SIIC Finance (being a company in which a Controlling Shareholder has an interest of 30% or more) is an interested person of the Company for the purposes of Chapter 9 of the Listing Manual.

The Financial Services Agreement is entered into between the Company and SIIC Finance pursuant to which, among others, deposit services are proposed to be provided by SIIC Finance to the Group, details of which are set out in Sections 2.2 and 2.3 below. Accordingly, the Proposed IPTs constitute interested person transactions under Chapter 9 of the Listing Manual.

The Company currently does not have any general Shareholders' mandate for recurrent interested person transactions.

For the avoidance of doubt:

- (a) the Company is seeking Independent Shareholders' approval in respect of the Deposit Services to be provided by SIIC Finance to the Group pursuant to the Financial Services Agreement; and
- (b) the Company is not, at this juncture, seeking Independent Shareholders' approval for the Credit Services and Other Financial Services for the following reasons:
  - (i) the specific Credit Services and Other Financial Services to be provided (including, without limitation, the types of services, terms of such services and transaction amounts) have not been determined and will be ascertained on an ongoing basis based on the operational and financing needs of the Group;

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## LETTER FROM THE BOARD

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- (ii) the receipt of Credit Services and the Other Financial Services is subject to definitive agreements being entered into, and the material terms thereof (including pricing, tenure, security arrangements and repayment terms) remain subject to negotiation; and
- (iii) seeking Independent Shareholders' approval at this stage, without the benefit of ascertained terms and transaction amounts or parameters, would not provide Independent Shareholders with sufficient information to make an informed decision.

The Company will, in compliance with Chapter 9 of the Listing Manual, make the relevant announcements and/or seek Independent Shareholders' approval in respect of the Credit Services and the Other Financial Services as and when the relevant financial thresholds (as described in Section 2.5) are met, or if there are changes made to the terms stipulated under the Deposit Services and/or the Financial Services Agreement (as the case may be). However, in the event that Independent Shareholders do not vote in favour of the Proposed IPTs, the Company will not proceed with the Financial Services Agreement in respect of the Credit Services and Other Financial Services.

### **2.2 Principal Terms of the Financial Services Agreement**

The principal terms of the Financial Services Agreement are as follows:

Parties : (1) the Company; and (2) SIIC Finance

Term : The term shall not exceed three (3) years commencing from the Effective Date until 31 December 2028, subject to both parties obtaining the necessary authorisations or approvals in accordance with their respective memorandum and articles of association or other constitutional documents, applicable laws and regulations (including but not limited to the Hong Kong Listing Rules and the Listing Manual). Either party may terminate the Financial Services Agreement early upon mutual agreement. The Financial Services Agreement may be renewed upon obtaining the necessary authorisations or approval and the term of each renewal shall not exceed three (3) years.

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## LETTER FROM THE BOARD

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Deposit services : Pursuant to the Financial Services Agreement, the Group shall engage SIIC Finance for the provision of deposit services. The interest rates for the deposits to be placed with SIIC Finance by the Group shall be determined on a fair basis in compliance with the interest rate policies of the People's Bank of China, taking into account the prevailing market interest rates whilst offering preferential terms. Under the same conditions, such rates **shall not be lower** than those offered by the PRC Major Commercial Banks for the same type of deposits during the same period, **nor shall they be lower** than the rates offered by SIIC Finance for the same type of deposits accepted from third parties (i.e. members of SIIC Shanghai (excluding the Group)) during the same period.

The Group remains free to place deposits with any commercial bank or other non-bank financial institution in accordance with its own needs and requirements.

**Further details are set out in Section 2.3.**

Credit services : Pursuant to the Financial Services Agreement, the Group shall engage SIIC Finance for the provision of credit services (including but not limited to loan services, bill acceptance and discounting services and non-financing guarantees). The interest rates or fees charged by SIIC Finance for the credit services provided to the Group shall be determined on a fair basis in compliance with the interest rate policies of the People's Bank of China, taking into account the prevailing market interest rates whilst offering preferential terms. Under the same conditions, such rates or fees shall not exceed those charged by other major commercial banks in the PRC for the same type of credit services during the same period, nor shall they exceed the rates or fees charged by SIIC Finance to third parties (i.e. members of SIIC Shanghai (excluding the Group)) for the same type of credit services during the same period.

The credit services under the Financial Services Agreement involve the provision of financial assistance by SIIC Finance to the Group. The credit services to be provided under the Financial Services Agreement shall be on normal commercial terms or better, and the Group only expects to engage such credit services if and when no security will be granted by the Group over its assets in respect of such credit services.

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## LETTER FROM THE BOARD

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- Other financial services : Pursuant to the Financial Services Agreement, the Group shall engage SIIC Finance for the provision of the other financial services (including but not limited to funds settlement, collection, payment services, entrusted loans, financial advisory, bond underwriting, credit verification and consulting agency services). The service fees to be charged by SIIC Finance for the provision of the other financial services to the Group shall be determined on a fair basis with reference to the fees charged for the same type of services provided by independent third parties and the prevailing market prices whilst offering preferential terms. Under the same conditions, such fees shall not exceed the prevailing fee standards (if any) prescribed by relevant government authorities for such services, nor shall they exceed fees charged by other major commercial banks in the PRC for the same type of services, nor shall they exceed fees charged by SIIC Finance for the same type of services provided to third parties (i.e. members of SIIC Shanghai (excluding the Group)).
- Individual agreements : Pursuant to the Financial Services Agreement, members of the Group and SIIC Finance may from time to time enter into individual agreements for the provision of the services specified in the Financial Services Agreement. Such individual agreements will set out detailed terms of the transactions (including but not limited to types of services, interest rates, service fees and payment terms) in accordance with normal commercial terms and the principles and provisions stipulated in the Financial Services Agreement.

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## LETTER FROM THE BOARD

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Annual cap for deposit services : The aggregate amounts of the maximum daily outstanding balance of deposits (including accrued interests) to be placed by the Group with SIIC Finance pursuant to the Financial Services Agreement for the period from the Effective Date to 31 December 2026 and each of the financial years ending 31 December 2027 and 2028 shall not exceed the maximum amounts set out below (i.e., the Proposed Deposit Services Annual Caps):

	For the period from the Effective Date to 31 December 2026 <i>(RMB million)</i>	For the financial year ending 31 December 2027 <i>(RMB million)</i>	For the financial year ending 31 December 2028 <i>(RMB million)</i>
Aggregate amount of maximum daily outstanding balance of deposits (including accrued interest)	2,000	2,000	2,000

*Note: The deposits of the Group to be placed with SIIC Finance may be denominated in multiple currencies.*

No historical transaction amounts are available, as the Group and SIIC Finance have not previously engaged in any transactions relating to deposit services. The Proposed Deposit Services Annual Caps are determined with reference to: (1) the strategies of the treasury management of the Company taking into account the cash flow requirements and financial needs of the Group for its business development plans; (2) the bank balances (including pledged bank deposits, bank deposits and cash and cash equivalents) held by the Group as at 31 December 2025, amounting to approximately RMB 3,488,859,000; and (3) the preferential interest rates, favourable terms and customised financial products and services offered by SIIC Finance, which are expected to enhance the Group's deposit interest income and meet its operational needs and cash management requirements, thereby supporting more efficient allocation and management of funds.

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## LETTER FROM THE BOARD

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Risk assessment and control : SIIC Finance guarantees strict compliance with the regulatory requirements of the NFRA and undertakes to establish an effective and comprehensive internal control and risk management system to ensure the safety of all funds.

The services provided by SIIC Finance are on a non-exclusive basis, SIIC Finance shall ensure that the Group's ownership of, right to use, and interests arising from their funds are not affected.

If the Group suffers any losses due to a breach by SIIC Finance of its obligations under the Financial Services Agreement, the Group is entitled to immediately suspend or terminate the services provided by SIIC Finance, and SIIC Finance shall bear all relevant liability, including compensating the Group for all losses suffered.

SIIC Finance shall, by the fifth business day of each month, provide the Company's finance department with (i) monthly financial statements and (ii) a monthly report of the Group deposit balances. SIIC Finance shall also assist the Company in monitoring daily deposit balances to ensure that the daily balance (including accrued interest) does not exceed the Proposed Deposit Services Annual Caps.

If any circumstances arise that would constitute a breach of the Administrative Measures for Enterprise Group Finance Companies or other regulations and affects the safety of the Group's deposits, SIIC Finance shall notify the Company in writing within two business days and promptly activate its contingency plan.

**2.3 Interest Rates for the Deposit Services**

**(a) Pricing Mechanism**

Under the Financial Services Agreement, the interest rates for deposits placed by the Group with SIIC Finance are subject to a dual benchmark mechanism, under the same conditions, which ensures that such rates **shall be no lower than**:

- (i) those offered by the PRC Major Commercial Banks for the same type of deposits; and
- (ii) the rates offered by SIIC Finance for the same type of deposits accepted from third parties (i.e. members of SIIC Shanghai (excluding the Group)), in each case, during the same period.

This dual benchmark mechanism is designed to ensure that the Group receives deposit interest rates that are at least as favourable as those available in the open market and at least as favourable as those offered by SIIC Finance to such third parties.

**(b) Illustrative Example**

The example presented below is **strictly for illustrative purposes only** and based on the following assumptions:

- (i) the Group wishes to place a fixed-term deposit of RMB100 million with a tenor of one year; and

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## LETTER FROM THE BOARD

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- (ii) the interest rate period is from 20 May 2025 to 13 Mar 2026.

SIIC Finance would survey the prevailing one-year fixed-term deposit interest rates offered by the PRC Major Commercial Banks during the same period. For the purposes of this illustration, assume that the one-year fixed-term deposit interest rates offered by Industrial and Commercial Bank of China, Bank of China, China Construction Bank, Agricultural Bank of China and Bank of Communications (for deposits placed in the PRC) are as follows:

<b>Bank</b>	<b>One-year fixed-term deposit rate (per annum)</b>
Industrial and Commercial Bank of China	0.95%
Bank of China	0.95%
China Construction Bank	0.95%
Agricultural Bank of China	0.95%
Bank of Communications	0.95%

On this basis, the prevailing one-year fixed-term deposits offered by the PRC Major Commercial Banks is 0.95% per annum, which represents the highest rate available to the Group in the open market (“**Market Benchmark**”). It is very common for major commercial banks in the PRC to publish identical deposit rates, as such rates are generally aligned with prevailing market conditions.

SIIC Finance would then determine the interest rate it offers to third parties (i.e. members of SIIC Shanghai (excluding the Group)) for one-year fixed-term deposits during the same period, taking into account the Market Benchmark, the quantum of deposits, tenure and regularity of deposits, and such other factors as SIIC Finance may consider relevant at the time the deposit is placed. For instance, a higher interest rate will likely be offered by SIIC Finance for a larger quantum and/or longer tenure of deposits.

Under the Financial Services Agreement and based on the illustrative example above, the interest rate offered by SIIC Finance to the Group must be no lower than the Market Benchmark (being the best available rate from the PRC Major Commercial Banks, i.e. 0.95% per annum). Accordingly, the interest rate offered by SIIC Finance to the Group for the one-year fixed-term deposit must be no lower than 0.95% per annum.

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## LETTER FROM THE BOARD

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The Group remains free to place deposits with any commercial bank or other non-bank financial institution in accordance with its own needs and requirements.

### 2.4 Chapter 9 of the Listing Manual

Chapter 9 of the Listing Manual applies to transactions between a party that is an entity at risk and a counter party that is an interested person.

The objective of Chapter 9 (as stated in Rule 901 of the Listing Manual) is to guard against the risk that interested persons could influence a listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its shareholders.

Under the Listing Manual:

- (a) An **“entity at risk”** means:
  - (i) the listed company;
  - (ii) a subsidiary of the listed company that is not listed on SGX-ST or an approved exchange; or
  - (iii) an associated company of the listed company that is not listed on SGX-ST or an approved exchange, provided that the listed company and/or its subsidiaries (collectively **“listed group”**), or the listed group and its interested person(s), has or have control over the associated company.
- (b) An **“associated company”** of a listed company means a company in which at least 20 per cent. but not more than 50 per cent. of its shares are held by the listed company or the listed group.
- (c) An **“approved exchange”** means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9.
- (d) An **“interested person”**, in the case of a company, means a director, chief executive officer or Controlling Shareholder of the listed company or an associate of such director, chief executive officer or Controlling Shareholder.

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## LETTER FROM THE BOARD

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- (e) An **“associate”** in relation to an interested person who is a director, chief executive officer or Controlling Shareholder of the listed company (being an individual) means an immediate family member (that is, the spouse, child, adopted child, step-child, sibling or parent) of such director, chief executive officer or Controlling Shareholder; the trustees of any trust of which the director and/or his immediate family, or the chief executive officer and/or his immediate family or the Controlling Shareholder and/or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and any company in which the director and/or his immediate family, or the chief executive officer and/or his immediate family or the Controlling Shareholder and/or his immediate family has or have an aggregate interest (directly or indirectly) of 30 per cent. or more; and, where a Controlling Shareholder of the listed company is a corporation, its “associate” means its subsidiary or holding company or fellow subsidiary or a company in which it and/or such other companies taken together have (directly or indirectly) an interest of 30 per cent. or more.
- (f) A **“chief executive officer”** of a listed company means the most senior executive officer who is responsible under the immediate authority of the board of directors for the conduct of the business of the listed company.
- (g) An **“interested person transaction”** means a transaction between an entity at risk and an interested person.
- (h) A **“transaction”** includes:
- (i) the provision or receipt of financial assistance;
  - (ii) the acquisition, disposal or leasing of assets;
  - (iii) the provision or receipt of services;
  - (iv) the issuance or subscription of securities;
  - (v) the granting of or being granted options; and
  - (vi) the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly (for example, through one or more interposed entities).

whether or not in the ordinary course of business, and whether or not entered into directly or indirectly (for example, through one or more interposed entities).

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## LETTER FROM THE BOARD

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### 2.5 Materiality Thresholds, Announcement Requirements and Shareholders' Approval

Under Chapter 9 of the Listing Manual, where an entity at risk proposes to enter into transactions with interested persons, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval if the value of the transaction is equal to or exceeds certain financial thresholds. In particular:

- (a) where the value of any such transaction is equal to or exceeds 3.0% of the latest audited consolidated NTA of the listed company and its subsidiaries and is less than 5.0% of the latest audited consolidated NTA of the listed company and its subsidiaries, an immediate announcement is required;
- (b) where the value of any such transaction is equal to or exceeds 5.0% of the latest audited consolidated NTA of the listed company and its subsidiaries, an immediate announcement and shareholders' approval is required;
- (c) if the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3.0% or more of the latest audited consolidated NTA of the listed company and its subsidiaries, the listed company must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year; and
- (d) a listed company must obtain shareholder approval for any interested person transaction of a value equal to, or more than 5.0% of the latest audited consolidated NTA of the listed company and its subsidiaries, when aggregated with other transactions entered into with the same interested person during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

The rules referred to above do not apply to any transaction below S\$100,000.

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## LETTER FROM THE BOARD

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### 2.6 Amount at Risk of Proposed IPTs

Based on the Group's latest audited consolidated financial statements for the financial year ended 31 December 2024, the Group's latest audited consolidated NTA as at 31 December 2024 is RMB 16.1 billion. Hence, 3.0% and 5.0% of the Group's latest audited consolidated NTA as at 31 December 2024 are RMB 483.0 million and RMB 804.1 million, respectively.

By way of illustration, the amount at risk of the Proposed IPTs to the Group is (a) RMB 2,000,000,000, being the aggregate amounts of the maximum daily outstanding balance of deposits (including accrued interest) to be placed by the Group with SIIC Finance pursuant to the Financial Services Agreement for the period from the Effective Date to 31 December 2026 and each of the financial years ending 31 December 2027 and 2028 which represents approximately 12.0% of the Group's latest audited consolidated NTA as at 31 December 2024 ("**Daily Outstanding Balance Deposit Amount**"), and (b) the interest amount for deposits placed by the Group with SIIC Finance which shall be determined in accordance with Section 2.3 of this Circular. Accordingly, given that the Daily Outstanding Balance Deposit Amount exceeds the 5.0% threshold mentioned above, the Proposed IPTs will be subject to the approval of Shareholders pursuant to Rule 906(1)(a) of the Listing Manual.

Save as disclosed in Section 2.2 and 2.3, there are no other interested person transactions (excluding transactions less than S\$100,000) which were entered into with SIIC Finance and/or any other interested persons by the Group which would require aggregation under Chapter 9 of the Listing Manual during the current financial year (i.e. the financial year ending 31 December 2026) from 1 January 2026 up to the Latest Practicable Date.

### 3. RATIONALE AND BENEFITS

The Board is of the view that it is beneficial to utilise the financial services from SIIC Finance under the Financial Services Agreement due to the following reasons:

- (a) the centralised treasury management services provided by SIIC Finance enable the Group to optimise overall capital utilisation and enhance cost-effectiveness and operational efficiency through improved coordination of cash flows and liquidity management across the Group;
- (b) SIIC Finance offers competitive interest rates for both deposit services and credit services. The favourable deposit rates enhance the Group's returns on surplus funds, while the competitive lending rates help reduce the Group's overall finance costs. The terms (including interest rates) in respect of the Deposit Services are no less favourable than those available from the PRC Major Commercial Banks;

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## LETTER FROM THE BOARD

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- (c) the service fees and charges levied by SIIC Finance are competitive and cost-effective, and the finance costs of the Group can be reduced due to such favourable service fees for the funds settlement, collection and payment services and the other financial services;
- (d) SIIC Finance is familiar with the Group's business, including its capital structure, strategic direction, operating model, funding requirements and cash-flow patterns. This enables SIIC Finance to offer more flexible and customised financial products and services tailored to the Group's operational needs, enhancing capital efficiency and supporting the Group's business requirements more effectively than standardised offerings from external financial institutions;
- (e) the Group comprises a significant number of subsidiaries, and the consolidation of financial services through SIIC Finance enables the Group to achieve economies of scale in its financial operations. By pooling the financial service requirements of the Group's subsidiaries through a single financial services provider, the Group is able to leverage its collective deposit volumes and transaction flows to negotiate more favourable terms (including interest rates and service fees) than may be available to individual members of the Group on a standalone basis;
- (f) SIIC Finance has a streamlined organisational structure and efficient internal decision-making processes, enabling it to respond promptly to the Group's financial service needs and provide greater flexibility in structuring financing terms and tenors. This responsiveness supports faster decision-making, facilitates more efficient financial planning and unlocks strategic synergies through a deeper, more integrated relationship; and
- (g) the Group's portfolio of principal bankers and/or financial institutions will be diversified during the term of the Financial Services Agreement, thereby reducing concentration risk and enhancing the Group's financial flexibility. In addition, access to financial services from SIIC Finance strengthens the Group's negotiating position when dealing with other major commercial banks and financial institutions in the PRC, potentially resulting in more favourable terms across the Group's banking relationships.

The Directors consider that the terms of the Financial Services Agreement and the transactions contemplated thereunder (including the Deposit Services) are on normal commercial terms after arm's length negotiations and in the ordinary and usual course of business of the Group, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board has assessed the credit risks associated with the transactions contemplated under the Financial Services Agreement. It considers that, for the reasons set out below, the credit risks to which the Company may be exposed in connection with the Deposit Services provided by SIIC Finance, as the Company's financial service provider, have been effectively managed. The Board

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## LETTER FROM THE BOARD

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further believes that such risks will not exceed those associated with deposits placed with the PRC Major Commercial Banks and that the Company's assets are adequately protected against potential losses arising from the transactions contemplated under the Financial Services Agreement. The Board's views are based on the following:

- (a) the risk assessment and control measures to be undertaken by SIIC Finance in accordance with the Financial Services Agreement, details of which are set out against the column entitled "Risk assessment and control" in Section 2.2.
- (b) SIIC Finance is regulated by the People's Bank of China and the NFRA and is required to comply with the relevant rules and operational requirements issued by these authorities, including capital risk guidelines and prescribed capital adequacy ratios;
- (c) the deposits placed by the Group with SIIC Finance are safeguarded by undertakings provided by SIIC Finance and its controlling shareholder, SIIC Shanghai. Pursuant to these undertakings, SIIC Shanghai will make additional capital contributions to SIIC Finance in the event of payment difficulties, will refrain from withdrawing capital, and will provide liquidity support to the fullest extent. These protections are complemented by similar requirements embedded in the articles of association of SIIC Finance, as mandated under the Management Measures for Finance Companies of Enterprise Groups (《企業集團財務公司管理辦法》). Please refer to Section 5 for further details;
- (d) SIIC Finance has established a comprehensive suite of risk management systems and internal control policies governing its fund management, credit management and investment management activities. These systems provide standardised management and operations, with a reasonable division of labour, clearly defined responsibilities and transparent reporting lines, thereby supporting effective risk management;
- (e) SIIC Finance has maintained robust capital adequacy and liquidity ratios for the three years ended 31 December 2023, 2024 and 2025. Its minimum capital adequacy ratios during the period were 21.62%, 20.49% and 19.57%, respectively, while its minimum liquidity ratios during the period were 39.06%, 47.71% and 46.39%, respectively. Since its establishment in 2014, SIIC Finance has recorded no non-performing loans, evidencing its prudent risk management and operational stability;

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## LETTER FROM THE BOARD

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- (f) the Company has conducted a comprehensive credit risk assessment of SIIC Finance, evaluating its operational and financial condition (including its capital adequacy and liquidity ratios, key financial metrics, financial risk indicators and regulatory compliance ratios) as well as its overall regulatory standing. Based on this assessment, the Board considers that SIIC Finance complies with the rules and regulatory requirements of the People's Bank of China and the NFRA, maintains adequate financial strength and creditworthiness to perform its obligations under the Financial Services Agreement and presents an acceptable level of credit risk to the Group;
- (g) under the relevant rules of the People's Bank of China and the NFRA, SIIC Finance primarily serves SIIC Shanghai and its member companies. Having served these group members over an extended period, SIIC Finance has developed a deep understanding of their capital positions, operating conditions and risk appetites. As a result, its customer base potentially exposes it to lower credit risks compared with entities that solicit business from external customers; and
- (h) the Group remains free to place deposits with any commercial bank or other non-bank financial institution in accordance with its own needs and requirements.

#### 4. REVIEW PROCEDURES; INTERNAL CONTROLS AND RISK MANAGEMENT

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee and that such interested person transactions are undertaken on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices and policies, are not prejudicial to the interests of the Company and its minority Shareholders, and on terms which are generally no more favourable to the interested persons than those extended to or received from unrelated third parties.

##### **Deposit Services**

The Company will adopt the following measures in monitoring the Deposit Services with SIIC Finance under the Financial Services Agreement:

- (a) before placing a deposit with SIIC Finance, the Group will assess the Daily Outstanding Balance Deposit Amount to ensure compliance with the Proposed Deposit Services Annual Caps;
- (b) the management team will review the pricing mechanism and interest rates provided by SIIC Finance on a regular basis and act in the best interests of the Company;

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## LETTER FROM THE BOARD

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- (c) before placing a deposit with SIIC Finance, the Group will compare the interest rates offered by SIIC Finance with the interest rates offered by at least the PRC Major Commercial Banks; and
- (d) the finance department of the Company shall be responsible for the operations and monitoring of the transactions under the Financial Services Agreement to ensure such transactions are conducted in accordance with the terms of the Financial Services Agreement.

The Company will also adopt the following measures to monitor and mitigate the credit risks arising from the Deposit Services under the Financial Services Agreement:

- (a) the finance department of the Company will monitor the Daily Outstanding Balance Deposit Amount on a daily basis;
- (b) the Company will, on an ongoing basis, monitor any enforcement actions issued by the relevant authorities in respect of SIIC Finance and will report to management as appropriate;
- (c) the Company will conduct risk assessments and reviews of SIIC Finance on a regular basis to assess its financial standing and creditworthiness, as well as the credit risk and/or default risk associated with the transactions contemplated under the Financial Services Agreement;
- (d) the Company will review SIIC Finance's financial statements, to the extent available, on an ongoing basis in order to monitor its performance and assess the safety of the deposits placed by the Group with SIIC Finance;
- (e) in the event that SIIC Finance fails to comply with any regulatory requirement which may have a material adverse impact on the deposits placed by the Group with SIIC Finance, the Group will take proper and appropriate measures to protect its deposits, including early withdrawal of deposits or discontinuation of further deposits placed with SIIC Finance;
- (f) the Audit Committee and an external auditor appointed by the Company will conduct annual reviews of the transactions under the Financial Services Agreement and ensure compliance with the Proposed Deposit Services Annual Caps; and
- (g) the Board will review annually the Group's internal control system and its effectiveness.

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## LETTER FROM THE BOARD

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### **Credit Services and Other Financial Services**

The Company will adopt the following measures in monitoring the Credit Services and Other Financial Services with SIIC Finance under the Financial Services Agreement:

- (a) before obtaining credit services from SIIC Finance, the Group will compare the interest rates offered by SIIC Finance with the interest rates offered by at least two major commercial banks in PRC; and
- (b) before engaging SIIC Finance for Other Financial Services, the Group will compare the service fees charged by SIIC Finance with the service fees charged by at least two major commercial banks in PRC.

In addition, SIIC Finance has agreed to (i) assist the Group in monitoring and managing the amount of daily outstanding balance of deposits placed by the Group with SIIC Finance to ensure that the Daily Outstanding Balance Deposit Amount does not exceed the maximum daily outstanding balance of deposits; (ii) without contravening applicable laws and regulations, use its best endeavours to cooperate with the Group in auditing the relevant transactions and to provide such information as the Group may reasonably require for disclosure under Listing Manual and the Hong Kong Listing Rules and for its review and evaluation, including, but not limited to, periodic financial and risk-monitoring information (such as quarterly, half-yearly and annual ongoing risk assessment or monitoring reports); and (iii) provide the finance department of the Company, with a monthly report detailing (A) the aggregate maximum daily outstanding balance of deposits (including accrued interests) placed by the Group with SIIC Finance; (B) the maximum daily outstanding balance of Credit Services provided by SIIC Finance to the Group; and (C) the aggregate maximum service fees payable for Other Financial Services provided by SIIC Finance to the Group.

### **5. UNDERTAKINGS BY SIIC SHANGHAI AND SIIC FINANCE**

In respect of the Deposit Services, SIIC Shanghai, as the controlling shareholder of SIIC Finance, has undertaken that if SIIC Finance encounters an emergency situation involving payment difficulties, it will make additional capital contributions as necessary to resolve such difficulties. SIIC Shanghai has also undertaken that, in the event of a liquidity crisis at SIIC Finance, it will not withdraw any capital and will provide liquidity support to the fullest extent. Such undertakings will effectively provide assurance to the Group on the safety of funds deposited with SIIC Finance.

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## LETTER FROM THE BOARD

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According to the regulatory requirements of the Management Measures for Finance Companies of Enterprise Groups (《企業集團財務公司管理辦法》) promulgated by the China Banking and Insurance Regulatory Commission, the controlling shareholders of finance companies are required to replenish capital to such finance companies when necessary. Therefore, the articles of association of SIIC Finance states that the controlling shareholder of SIIC Finance shall replenish capital to SIIC Finance when necessary.

To further safeguard the security of the deposits placed by the Group with SIIC Finance and to meet the Group's financing needs, SIIC Finance has also undertaken to use its best endeavours and take all reasonable measures to ensure that such deposits are primarily utilised for providing credit services to the Group.

### 6. DISCLOSURE

Disclosure will be made in the Company's annual report of the aggregate value of the transactions conducted with interested persons (including the Proposed IPTs and any Credit Services or Other Financial Services) during the relevant financial year, and in the Company's annual reports for the subsequent financial years, in accordance with the requirements and form set out in Chapter 9 of the Listing Manual.

### 7. ABSTENTION FROM VOTING

As at the Latest Practicable Date, SIIC is deemed to be interested in an aggregate of 1,290,843,926 Shares, which is equivalent to approximately 50.12% of the total number of Shares in issue. Accordingly, SIIC is regarded as a Controlling Shareholder for the purposes of Chapter 9 of the Listing Manual. SIIC is the authorised representative exercising state-owned shareholder's right over SIIC Shanghai (being the controlling shareholder of SIIC Finance) and has a material interest in the transactions contemplated under the Financial Services Agreement.

Rule 919 of the SGX Listing Manual prohibits interested persons and their associates from voting, or accepting appointments as proxies, on a resolution in relation to a matter in respect of which such persons are interested in the 2026 AGM, unless specific instructions as to voting are given.

## LETTER FROM THE BOARD

SIIC and its associates, which together hold 50.12% of the total number of Shares in issue as at the Latest Practicable Date, will abstain from voting at the 2026 AGM on the resolutions approving the Proposed IPTs. Further, SIIC will not, and will procure that its associates will not, accept appointments as proxies unless specific instructions as to voting are given. The Company will disregard any votes cast on a resolution by the person required to abstain from voting by the Listing Manual. Save for the aforementioned and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder has a material interest in the Proposed IPTs and is required to abstain from voting on the resolutions approving the Proposed IPTs at the 2026 AGM.

### 8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

#### 8.1 Interests of the Directors

Save as disclosed in Section 8.2 below, none of the Directors or Substantial Shareholders of the Company and their associates has any interest, direct or indirect, in the Proposed IPTs, other than through their respective shareholdings in the Company.

#### 8.2 Shareholding Interests

The interests of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date are:

	Direct		Deemed	
	Number of Shares	% of total issued Shares <sup>(1)</sup>	Number of Shares	% of total issued Shares <sup>(1)</sup>
<b>Directors</b>				
Mr. Zhou Yuding	–	–	–	–
Mr. Ji Guanglin	–	–	–	–
Mr. Wang Xiwang	–	–	–	–
Mr. Yang Xing	–	–	–	–
Dr. Kimmis Pun Kim Ming	–	–	–	–
Mr. An Hongjun	–	–	–	–
Mr. Zhong Ming	1,000,000	0.04%	–	–
<b>Substantial Shareholders (other than Directors)</b>				
S.I. Triumph Power Limited (“Triumph”) <sup>(2)</sup>	986,929,551	38.32%	–	–
S.I. Infrastructure Holdings Limited (“SIH”) <sup>(2)</sup>	165,418,475	6.42%	986,929,551	38.32%
SIHL Treasury Limited	116,137,900	4.51%	–	–
Shanghai Industrial Holdings Limited (“SIHL”) <sup>(2)</sup>	–	–	1,268,485,926	49.25%
Shanghai Investment Holdings Limited <sup>(2)</sup>	–	–	1,268,485,926	49.25%

## LETTER FROM THE BOARD

	Direct		Deemed	
	Number of Shares	% of total issued Shares <sup>(1)</sup>	Number of Shares	% of total issued Shares <sup>(1)</sup>
Shanghai Industrial Investment Treasury Company Limited <sup>(2)</sup>	–	–	1,268,485,926	49.25%
SIIC Trading Company Limited <sup>(2)</sup>	22,358,000	0.87%	–	–
Shanghai Industrial Investment (Holdings) Company Limited (“SIIC”) <sup>(2)</sup>	–	–	1,290,843,926	50.12%
Golden Bell International Holdings Limited <sup>(2)</sup>	–	–	1,290,843,926	50.12%
SIIC Shanghai (Holdings) Co., Ltd. <sup>(2)</sup>	–	–	1,290,843,926	50.12%
China Energy Conservation & Environmental Protection (Hong Kong) Investment Co., Limited (“CECEPHK”) <sup>(3)</sup>	223,712,917	8.69%	–	–
China Energy Conservation and Environmental Protection Group (“CECEP”) <sup>(3)</sup>	–	–	223,712,917	8.69%
Value Partners Limited (“VPL”) <sup>(4)</sup>	7,524,940	0.29%	–	–
Value Partners Hong Kong Limited (“VPLHK”) <sup>(4)</sup>	224,075,980	8.70%	7,524,940	0.29%
Value Partners Group Limited (“VPGL”) <sup>(4)</sup>	–	–	231,600,920	8.99%

**Notes:**

- (1) There are 2,575,665,726 issued Shares as at the Latest Practicable Date.
- (2) The Shanghai Municipal People’s Government, owns all the issued and paid-up share capital of SIIC Shanghai (Holdings) Co., Ltd., which in turn owns all the issued and paid-up share capital in Golden Bell International Holdings Limited, which in turn owns all the issued and paid-up share capital in Shanghai Industrial Investment (Holdings) Company Limited. As such, SIIC Shanghai (Holdings) Co., Ltd. and Golden Bell International Holdings Limited are deemed to be interested in a total of 1,290,843,926 Shares by virtue of their interest with Shanghai Industrial Investment (Holdings) Company Limited.

Shanghai Industrial Investment (Holdings) Company Limited also holds more than 20% of the issued and paid-up share capital of SIHL, which owns all the issued and paid-up share capital of SII, which in turn owns all the issued and paid-up share capital of Triumph. In addition, SIHL owns all the issued and paid-up share capital of SIHL Treasury Limited. As such, Shanghai Industrial Investment (Holdings) Company Limited, Shanghai Investment Holdings Limited, SIHL and SII are deemed to be interested in the shares held by Triumph and SIHL Treasury Limited (excluding SII).

Shanghai Investment Holdings Limited is directly interested in approximately 47.77% of the total issued share capital of SIHL and is indirectly interested in approximately 7.36% of the total issued share capital of SIHL through its wholly-owned subsidiary SIIC Capital (B. V. I.) Limited. Shanghai Industrial Investment Treasury Company Limited is directly interested in 100% of the total issued share capital of Shanghai Investment Holdings Limited. In addition, SIIC is interested in approximately 63% of the total issued share capital of SIHL through its directly and indirectly wholly-owned subsidiaries. Therefore, each of SIIC, Shanghai Industrial Investment Treasury Company Limited and Shanghai Investment Holdings Limited is deemed to be interested in a total of 1,290,843,926 Shares by virtue of their interests in SIHL.

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## LETTER FROM THE BOARD

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- (3) CECEPHK is deemed interested in the shares held through account of BOCI Securities Limited in CCASS Depository. BOCI Securities Limited is the agency of CECEPHK. CECEP is deemed to be interested in the Shares held by CECEPHK as CECEP owns the entire issued share capital of CECEPHK.
- (4) VPL is a fund manager deemed to be interested in the Shares by reason of Shares held directly by the funds under its management. Cheah Capital Management Limited (“**CCML**”) is deemed to be interested in the Shares via its 21.82% ownership in VPGL. VPGL is deemed to be interested in the Shares via its 100% ownership in VPLHK. VPLHK is deemed to be interested in the Shares via its 100% ownership in VPL. Cheah Company Limited (“**CCL**”) is deemed to be interested in the Shares via its 100% ownership in CCML. BNP Paribas Jersey Nominee Company Limited holds the shares in CCL as nominee for BNP Paribas Jersey Trust Corporation Limited. Cheah Cheng Hye is deemed to be interested in the Shares in his capacity as the founder of a discretionary trust (“**The C H Cheah Family Trust**”) with BNP Paribas Jersey Trust Corporation Limited as the Trustee. To Hau Yin is deemed to be interested in the Shares in her capacity as the beneficiary of The C H Cheah Family Trust.

### 9. OPINION OF THE IFA

RHT Capital Pte. Ltd. has been appointed as the independent financial adviser pursuant to Rule 921(4)(a) of the Listing Manual to provide an opinion on whether the Proposed IPTs are on normal commercial terms and whether they are prejudicial to the interests of the Company and its minority shareholders. A copy of the IFA Letter is set out in Appendix to this Circular.

Having regard to the considerations set out in the IFA Letter and the information available to the IFA as at the Latest Practicable Date, the IFA is of the opinion that the Proposed IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

### 10. CONSENT

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the IFA Letter, and all references thereto in the form and context in which they respectively appear in this Circular and to act in such capacity in relation to this Circular.

### 11. STATEMENT FROM THE AUDIT COMMITTEE

The Audit Committee, comprising Mr. An Hongjun, Dr. Kimmis Pun Kim Ming and Mr. Zhong Ming, all of whom are considered independent for the purposes of considering the Proposed IPTs, having reviewed, amongst others, the rationale for and the terms and benefits of the Proposed IPTs as well as the opinion of the IFA as set out in Appendix to this Circular, is of the view that the Proposed IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

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## LETTER FROM THE BOARD

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### 12. NON-INTERESTED DIRECTORS' RECOMMENDATION

Having considered, amongst others, the rationale for and the terms and benefit of the Proposed IPTs, the opinion of the IFA as set out in Appendix to this Circular, and the statement of the Audit Committee as set out in Section 11 above, the Non-Interested Directors are of the opinion that the Proposed IPTs are in the best interests of the Company and its Shareholders. Accordingly, the Non-Interested Directors recommend that Independent Shareholders vote in favour of the Ordinary Resolution to approve the Proposed IPTs.

The Non-Interested Directors, in rendering their recommendation above, have not had regard to the specific investment objectives, financial situation, tax position and/or unique needs and constraints of any Shareholder. As different Shareholders would have different investment objectives, the Non-Interested Directors recommend that any individual Shareholder who may require specific advice in relation to the Proposed IPTs should consult his stockbroker, bank manager, solicitor, accountant or other professional advisers.

### 13. 2026 AGM

The Company will convene and hold the 2026 AGM at Conrad Singapore Marina Bay, Level 2, North Room, 2 Temasek Boulevard, Singapore 038982 on 29 April 2026 at 10.00 a.m. at which resolutions will be proposed for the purpose of considering and if thought fit, approving the resolutions set out in the Notice of the 2026 AGM and the accompanying Proxy Form are to be circulated to the Shareholders together with this Circular.

The Proxy Form is enclosed herewith. If you do not intend to be present and vote at the 2026 AGM, you are requested to complete the enclosed Proxy Form in accordance with the instructions printed thereon and return it to the Company's Share Registrar office in Singapore at In.Corp Corporate Services Pte. Ltd., 36 Robinson Road #20-01 City House Singapore 068877 (for Singapore Shareholders) or the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for Hong Kong Shareholders), or if submitted electronically, be submitted via email to the following email address: [shareregistry@incorp.asia](mailto:shareregistry@incorp.asia) or via the following URL: [https://conveneagm.com/sg/SIICEnv\\_AGM2026](https://conveneagm.com/sg/SIICEnv_AGM2026), as soon as possible and in any event not less than seventy-two (72) hours before the time appointed for the holding of the 2026 AGM or any adjournment thereof. The completion and delivery of a form of proxy will not preclude you from attending and voting at the 2026 AGM in person should you so wish. If you attend and vote at the 2026 AGM, the authority of your proxy will be revoked.

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## LETTER FROM THE BOARD

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Pursuant to Rule 13.39(4) of the Hong Kong Listing Rules and the Constitution, voting by the Shareholders at the 2026 AGM will be by poll, except where the chairman of the 2026 AGM, in good faith, decides to allow a resolution which related purely to a procedural or administrative matter to be voted by a show of hands.

For the purpose of ascertaining Shareholders' entitlement to attend and vote (where applicable) at the 2026 AGM, the register of members of the Company will be closed from Thursday, 23 April 2026 to Wednesday, 29 April 2026, both days inclusive. All transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Singapore principal share registrar and transfer office, In.Corp Corporate Services Pte. Ltd. at 36 Robinson Road #20-01 City House Singapore 068877 (for Singapore Shareholders) no later than 5:00 p.m. on Wednesday, 22 April 2026, or the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for Hong Kong Shareholders) for registration no later than 4:30 p.m. on Wednesday, 22 April 2026. A Depositor's name must appear on the Depository Register maintained by the CDP as at 72 hours before the time fixed for holding the 2026 AGM in order for the Depositor to be entitled to vote at the 2026 AGM.

#### **14. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed IPTs and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

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## LETTER FROM THE BOARD

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### 15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at One Temasek Avenue #37-02 Millenia Tower Singapore 039192 during normal business hours from the date of this Circular up to the date of the 2026 AGM:

- (a) the Financial Services Agreement;
- (b) the Constitution of the Company;
- (c) the IFA Letter; and
- (d) the written consent of the IFA referred to in Section 10.

Yours faithfully

For and on behalf of  
the Board of Directors of  
**SIIC ENVIRONMENT HOLDINGS LTD.**

**Ji Guanglin**  
*Executive Director*

**RHT CAPITAL PTE. LTD.**

(Company Registration Number: 201109968H)  
(Incorporated in the Republic of Singapore)  
36 Robinson Road, #10-06  
City House, Singapore 068877

27 March 2026

To: The Independent Directors of SIIC Environment Holdings Ltd.  
(deemed to be independent in respect of the Deposit Services)

Dr. Kimmis Pun Kim Ming	(Lead Independent Director)
Mr. An Hongjun	(Independent Director)
Mr. Zhong Ming	(Independent Director)

Dear Sirs,

**INDEPENDENT FINANCIAL ADVICE IN RELATION TO THE DEPOSIT SERVICES UNDER THE FINANCIAL SERVICES AGREEMENT (AS DEFINED HEREIN) AS AN INTERESTED PERSON TRANSACTION**

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*Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to shareholders of the Company dated 27 March 2026 (the "Circular").*

**1. INTRODUCTION**

The board of directors ("**Board**") of SIIC Environmental Holdings Ltd. ("**SIICEH**" or the "**Company**") and its subsidiaries ("**Group**") had on 1 March 2026 announced that it had entered into an agreement with SIIC Shanghai Group Finance Co., Ltd. (上海上實集團財務有限公司) ("**SIIC Finance**") on 27 February 2026 pursuant to which members of the Group will engage SIIC Finance for the provision of deposit services ("**Deposit Services**"), credit services and other financial services for a term not exceeding three (3) years ("**Financial Services Agreement**").

SIIC Finance is a subsidiary of SIIC Shanghai Holdings Co., Ltd. (上海上實(集團)有限公司) ("**SIIC Shanghai**"), over which Shanghai Industrial Investment (Holdings) Company Limited ("**SIIC**") is the authorised representative exercising state-owned shareholder's rights. SIIC is also the controlling shareholder of the Company and owns and controls 50.12% interest in SIICEH.

SIIC Finance is a non-bank financial institution with financial license, under industrial regulation by the National Financial Regulation Administration (國家金融監督管理總局) ("**NFRA**"), which is principally engaged in accepting deposits from members of the group; providing loans to members of the group; discounting bills of members of the group; settling funds, collecting funds from and making payments to members of the group; providing entrusted loans to members of the group, bond underwriting, non-financial guarantees, financial consulting, credit verification and advisory agency services; engaging in inter-bank borrowing; accepting bills of members of the group; and investing in fixed-income marketable securities.

SIIC Finance officially commenced operations on 16 October 2014 with a registered capital of RMB 1 billion. According to the 2025 unaudited annual financial statements of SIIC Finance, as at 31 December 2025, SIIC Finance's total assets amounted to RMB 11,526.17 million and total owners' equity amounted to RMB 1,447.21 million. For the year 2025, SIIC Finance achieved operating income of RMB 126.64 million and net profit of RMB 61.34 million. In terms of creditworthiness, as at 31 December 2025, SIIC Finance had a capital adequacy ratio of 19.57% and a liquidity ratio of 63.21%.

SIIC Shanghai is principally engaged in investment holding and property investment. SIIC is wholly-owned by State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government and is principally engaged in financial investment, medicine, infrastructure and environmental protection, real estate and consumer products.

SIIC Finance is a subsidiary of SIIC Shanghai, over which SIIC, the controlling shareholder of the Company, is the authorised representative exercising state-owned shareholder's right. Accordingly, SIIC Finance (being a company in which a Controlling Shareholder has an interest of 30% or more) is an interested person of the Company for the purposes of Chapter 9 of the the Listing Manual of the Mainboard of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Listing Manual**").

Pursuant to Rule 904(4) and Rule 904(5) of the Listing Manual, transactions between the Company and SIIC Finance are deemed to Interested Person Transactions and would be subjected to approval by shareholders of the Company ("**Shareholders**") should the aggregate value of such Interested Person Transactions exceed 5.0% of the Group's audited net tangible assets for the latest audited financial year.

Based on the Group's latest audited consolidated financial statements for the financial year ended 31 December 2024, the Group's latest audited consolidated NTA as at 31 December 2024 is RMB 16.1 billion. Hence, 3.0% and 5.0% of the Group's latest audited consolidated NTA as at 31 December 2024 are RMB 483.0 million and RMB 804.1 million, respectively.

By way of illustration, the amount at risk of the Deposit Services to the Group is (a) RMB 2,000,000,000, being the aggregate amounts of the maximum daily outstanding balance of deposits (*including accrued interest*) to be placed by the Group with SIIC Finance pursuant to the Financial Services Agreement for the period from the Effective Date to 31 December 2026 and each of the financial years ending 31 December 2027 and 2028 which represents approximately 12.0% of the Group's latest audited consolidated NTA as at 31 December 2024 ("**Daily Outstanding Balance Deposit Amount**"), and (b) the interest amount for deposits placed by the Group with SIIC Finance which shall be determined in accordance with Section 2.3 of this Circular. Accordingly, given that the Daily Outstanding Balance Deposit Amount exceeds the 5.0% threshold mentioned above, the Deposit Services will be subject to the approval of Shareholders pursuant to Rule 906(1)(a) of the Listing Manual. Based on the unaudited financial statements of the Group as at 31 December 2025 as announced on 27 February 2026, the amount at risk of RMB2,000,000,000 would represent approximately 12.0% of the Group's unaudited consolidated NTA (including concessionary rights) of RMB16,661,429,000 as at 31 December 2025.

Save as disclosed in Section 2.2 and 2.3 of the Circular, there are no other interested person transactions (excluding transactions less than S\$100,000) which were entered into with SIIC Finance and/or any other interested persons by the Group which would require aggregation under Chapter 9 of the Listing Manual during the current financial year (i.e. the financial year ending 31 December 2026) from 1 January 2026 up to the Latest Practicable Date.

Accordingly, the Company will be seeking approval from the Shareholders who are independent of the Deposit Services ("**Independent Shareholders**") at the forthcoming annual general meeting ("**AGM**") for the Deposit Services in respect of the **Financial Services Agreement with SIIC Finance**.

Pursuant to Rule 921(4)(a) of the Listing Rules, the Company is required to appoint an independent financial adviser ("**IFA**") to opine on whether the Deposit Services, as an Interested Person Transaction, is on normal commercial terms and whether it is prejudicial to the interests of the Company and its Independent Shareholders.

RHT Capital Pte. Ltd. ("**RHTC**") has been appointed by the Company as the IFA to render an opinion on whether the Deposit Services, as an Interested Person Transaction, is on normal commercial terms and whether it is prejudicial to the interests of the Company and its Independent Shareholders.

Pursuant to Rule 919 of the Listing Manual, SIIC, being the controlling shareholder SIIC and its associates, which together hold 50.12% of the total number of Shares in issue as at the Latest Practicable Date, will abstain from voting at the Annual General Meeting to be convened on 29 April 2026 ("**2026 AGM**") on the resolutions approving the Deposit Services. Further, SIIC will not, and will procure that its associates will not, accept appointments as proxies unless specific instructions as to voting are given. The Company will disregard any votes cast on a resolution by the person required to abstain from voting by the Listing Manual. Save for the aforementioned and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholder has a material interest in the transactions contemplated under the Financial Services Agreement and is required to abstain from voting on the resolutions approving the Deposit Services at the 2026 AGM.

In addition, transactions that do not fall within the ambit of the Deposit Services namely, the credit and other financial services under the Financial Services Agreement will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other provisions of the Listing Manual.

This letter ("**Letter**") is addressed to the Directors who are deemed to be independent with respect to the Deposit Services ("**Independent Directors**") and sets out, inter alia, our evaluation and recommendation on the Deposit Services as an Interested Person Transaction. This Letter forms part of the circular to Shareholders ("**Circular**") which provides, inter alia, the details of the Deposit Services and the recommendation of the Independent Directors thereon.

As SIICEH is also listed on the Stock Exchange of Hong Kong Limited ("**HKEX**"), the Deposit Services and Proposed Deposit Services Annual Caps will also be considered as a Major Transaction and Continuing Connected Transactions under the rules governing the listing of securities on the Stock Exchange of Hong Kong Limited ("**HK Listing Rules**").

Accordingly, the Company will be seeking the approval of Independent Shareholders in Hong Kong for the Deposit Services and Proposed Deposit Services Annual Caps and the Company is required to establish an Independent Board Committee and appoint an independent financial advisor to provide an opinion to the Independent Board Committee and the Independent Shareholders on (i) whether the terms of the Deposit Services are on normal commercial terms and are fair and reasonable; (ii) whether the Deposit Services are in the interests of the Company and the Independent Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Deposit Services at the 2026 AGM.

## 2. TERMS OF REFERENCE

RHTC have been appointed as the IFA as required under Rule 921(4)(a) of the Listing Manual to advise the Independent Directors in respect of the Deposit Services as an Interested Person Transaction. The purpose of this Letter is to provide an independent opinion, for the purpose of Chapter 9 of the Listing Manual, on whether the Deposit Services, as an Interested Person Transaction, is on normal commercial terms and is prejudicial to the interests of the Company and its Independent Shareholders.

We were neither a party to the negotiations entered into by the Company in relation to the Deposit Services, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the Deposit Services. We do not, by this Letter, warrant the merits of the Deposit Services other than to form an opinion on the Deposit Services as an Interested Person Transaction for the purposes of Chapter 9 of the Listing Manual.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the Deposit Services or to compare its relative merits vis-à-vis alternative transactions previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future, and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the sole responsibility of the Directors and/or the management of the Company ("**Management**") although we may draw upon the views of the Directors and/or the Management or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

In the course of our evaluation, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Company and/or the Group. We have also relied on information provided and representations made by the Directors, Management and the Company's advisers, including but not limited to its solicitors, valuers and/or auditors. We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, expressed or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made reasonable enquiries and exercised our judgement on the reasonable use of such information as we deemed necessary and have found no reason to doubt the accuracy and reliability of the information.

We have relied upon the assurance of the Directors (including those who may have delegated detailed supervision of the Circular) that, upon making all reasonable inquiries and to the best of their respective knowledge and belief, all facts stated and opinions expressed in the Circular which relate to the Deposit Services and the Company and/or the Group are fair and accurate and that there are no material facts or omissions of which would make any statement in the Circular misleading in any material respect. The Directors collectively and individually accept responsibility accordingly.

For the purpose of assessing the guidelines and reviewing procedures under the Deposit Services and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of the Company and/or the Group. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company and/or the Group in connection with our opinion in this Letter.

Our opinion as set out in this IFA Letter is based upon the market, economic, industry, monetary and other conditions in effect on, and the information provided to us as of the Latest Practicable Date, being 31 January 2026. Such conditions may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Independent Shareholders should further take note of any announcements relevant to their consideration of the Deposit Services which may be released by the Company after the Latest Practicable Date.

In rendering our opinion, we did not have regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this Letter and the extract of our opinion and recommendation set out in the Circular). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this Letter and the extract of our opinion and recommendation set out in the Circular).

Whilst a copy of this Letter may be reproduced in the Circular and made available for inspection at the registered office of the Company during normal business hours from the date of this Circular up to the date of the AGM, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any purposes other than for the purposes of any matter relating to the Deposit Services as an Interested Person Transactions at any time and in any manner without the prior written consent of RHTC in each specific case.

This Letter sets out, *inter alia*, our opinion on whether the Deposit Services, as an Interested Person Transaction, is on normal commercial terms and is prejudicial to the interests of the Company and its Independent Shareholders, and should be considered in the context of the entirety of this Letter and the Circular.

### 3. THE DEPOSITS SERVICES AS PROVIDED UNDER THE FINANCIAL SERVICES AGREEMENT

#### 3.1 Details of the Deposits Services to be provided under the Financial Services Agreement

Details of the Financial Services Agreement is set out in Section 2.2 of the Circular, extracted and set out below for your reference.

##### **“2.2 Principal Terms of the Financial Services Agreement**

*The principal terms of the Financial Services Agreement are as follows:*

<i>Parties</i>	<i>:</i>	<i>(1) the Company; and (2) SIIC Finance</i>
<i>Term</i>	<i>:</i>	<i>The term shall not exceed three (3) years commencing from the Effective Date until 31 December 2028, subject to both parties obtaining the necessary authorisations or approvals in accordance with their respective memorandum and articles of association or other constitutional documents, applicable laws and regulations (including but not limited to the Hong Kong Listing Rules and the Listing Manual). Either party may terminate the Financial Services Agreement early upon mutual agreement. The Financial Services Agreement may be renewed upon obtaining the necessary authorisations or approval and the term of each renewal shall not exceed three (3) years.</i>
<i>Deposit services</i>	<i>:</i>	<p><i>Pursuant to the Financial Services Agreement, the Group shall engage SIIC Finance for the provision of deposit services. The interest rates for the deposits to be placed with SIIC Finance by the Group shall be determined on a fair basis in compliance with the interest rate policies of the People’s Bank of China, taking into account the prevailing market interest rates whilst offering preferential terms. Under the same conditions, such rates <b>shall not be lower</b> than those offered by the PRC Major Commercial Banks for the same type of deposits during the same period, <b>nor shall they be lower</b> than the rates offered by SIIC Finance for the same type of deposits accepted from third parties (i.e. members of SIIC Shanghai (excluding the Group)) during the same period.</i></p> <p><i>The Group remains free to place deposits with any commercial bank or other non-bank financial institution in accordance with its own needs and requirements.</i></p> <p><b>Further details are set out in Section 2.3</b></p>

Credit services	<p>: Pursuant to the Financial Services Agreement, the Group shall engage SIIC Finance for the provision of credit services (including but not limited to loan services, bill acceptance and discounting services and non-financing guarantees). The interest rates or fees charged by SIIC Finance for the credit services provided to the Group shall be determined on a fair basis in compliance with the interest rate policies of the People's Bank of China, taking into account the prevailing market interest rates whilst offering preferential terms. Under the same conditions, such rates or fees shall not exceed those charged by other major commercial banks in the PRC for the same type of credit services during the same period, nor shall they exceed the rates or fees charged by SIIC Finance to third parties (i.e. members of SIIC Shanghai (excluding the Group)) for the same type of credit services during the same period.</p> <p>The credit services under the Financial Services Agreement involve the provision of financial assistance by SIIC Finance to the Group. The credit services to be provided under the Financial Services Agreement shall be on normal commercial terms or better, and the Group only expects to engage such credit services if and when no security will be granted by the Group over its assets in respect of such credit services.</p>
Other financial services	<p>: Pursuant to the Financial Services Agreement, the Group shall engage SIIC Finance for the provision of the other financial services (including but not limited to funds settlement, collection, payment services, entrusted loans, financial advisory, bond underwriting, credit verification and consulting agency services). The service fees to be charged by SIIC Finance for the provision of the other financial services to the Group shall be determined on a fair basis with reference to the fees charged for the same type of services provided by independent third parties and the prevailing market prices whilst offering preferential terms. Under the same conditions, such fees shall not exceed the prevailing fee standards (if any) prescribed by relevant government authorities for such services, nor shall they exceed fees charged by other major commercial banks in the PRC for the same type of services, nor shall they exceed fees charged by SIIC Finance for the same type of services provided to third parties (i.e. members of SIIC Shanghai (excluding the Group)).</p>
Individual agreements	<p>: Pursuant to the Financial Services Agreement, members of the Group and SIIC Finance may from time to time enter into individual agreements for the provision of the services specified in the Financial Services Agreement. Such individual agreements will set out detailed terms of the transactions (including but not limited to types of services, interest rates, service fees and payment terms) in accordance with normal commercial terms and the principles and provisions stipulated in the Financial Services Agreement.</p>

<p>Annual cap for deposit services :</p>	<p>The aggregate amounts of the maximum daily outstanding balance of deposits (including accrued interests) to be placed by the Group with SIIC Finance pursuant to the Financial Services Agreement for the period from the Effective Date to 31 December 2026 and each of the financial years ending 31 December 2027 and 2028 shall not exceed the maximum amounts set out below (i.e., the Proposed Deposit Services Annual Caps):</p>									
	<table border="1"> <thead> <tr> <th data-bbox="663 517 823 757"></th> <th data-bbox="823 517 983 757"> <b>For the period from the Effective Date to 31 December 2026 (RMB million)</b> </th> <th data-bbox="983 517 1142 757"> <b>For the financial year ending 31 December 2027 (RMB million)</b> </th> <th data-bbox="1142 517 1294 757"> <b>For the financial year ending 31 December 2028 (RMB million)</b> </th> </tr> </thead> <tbody> <tr> <td data-bbox="663 757 823 1087">                     Aggregate amount of maximum daily outstanding balance of deposits (including accrued interest)                 </td> <td data-bbox="823 757 983 1087" style="text-align: center;">2,000</td> <td data-bbox="983 757 1142 1087" style="text-align: center;">2,000</td> <td data-bbox="1142 757 1294 1087" style="text-align: center;">2,000</td> </tr> </tbody> </table>				<b>For the period from the Effective Date to 31 December 2026 (RMB million)</b>	<b>For the financial year ending 31 December 2027 (RMB million)</b>	<b>For the financial year ending 31 December 2028 (RMB million)</b>	Aggregate amount of maximum daily outstanding balance of deposits (including accrued interest)	2,000	2,000
	<b>For the period from the Effective Date to 31 December 2026 (RMB million)</b>	<b>For the financial year ending 31 December 2027 (RMB million)</b>	<b>For the financial year ending 31 December 2028 (RMB million)</b>							
Aggregate amount of maximum daily outstanding balance of deposits (including accrued interest)	2,000	2,000	2,000							
<p><i>Note: The deposits of the Group to be placed with SIIC Finance may be denominated in multiple currencies</i></p>										
<p><i>No historical transaction amounts are available, as the Group and SIIC Finance have not previously engaged in any transactions relating to deposit services. The Proposed Deposit Services Annual Caps are determined with reference to: (1) the strategies of the treasury management of the Company taking into account the cash flow requirements and financial needs of the Group for its business development plans; (2) the bank balances (including pledged bank deposits, bank deposits and cash and cash equivalents) held by the Group as at 31 December 2025, amounting to approximately RMB 3,488,859,000; and (3) the preferential interest rates, favourable terms and customised financial products and services offered by SIIC Finance, which are expected to enhance the Group's deposit interest income and meet its operational needs and cash management requirements, thereby supporting more efficient allocation and management of funds.</i></p>										

<p><i>Risk assessment and control</i></p>	<p><i>SIIC Finance guarantees strict compliance with the regulatory requirements of the NFRA and undertakes to establish an effective and comprehensive internal control and risk management system to ensure the safety of all funds.</i></p> <p><i>The services provided by SIIC Finance are on a non-exclusive basis, SIIC Finance shall ensure that the Group's ownership of, right to use, and interests arising from their funds are not affected.</i></p> <p><i>If the Group suffers any losses due to a breach by SIIC Finance of its obligations under the Financial Services Agreement, the Group is entitled to immediately suspend or terminate the services provided by SIIC Finance, and SIIC Finance shall bear all relevant liability, including compensating the Group for all losses suffered.</i></p> <p><i>SIIC Finance shall, by the fifth business day of each month, provide the Company's finance department with (i) monthly financial statements and (ii) a monthly report of the Group deposit balances. SIIC Finance shall also assist the Company in monitoring daily deposit balances to ensure that the daily balance (including accrued interest) does not exceed the Proposed Deposit Services Annual Caps.</i></p> <p><i>If any circumstances arise that would constitute a breach of the Administrative Measures for Enterprise Group Finance Companies or other regulations and affects the safety of the Group's deposits, SIIC Finance shall notify the Company in writing within two business days and promptly activate its contingency plan.</i></p>
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The Company is seeking shareholders' approval only in respect of the deposit services contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps. While the Financial Services Agreement also covers credit services and other financial services to be provided by SIIC Finance to the Group, these services are exempt from the reporting, announcement, annual review, circular and shareholders' approval requirements under the Hong Kong Listing Rules. In particular, the other financial services are expected to fall below the de minimis threshold as specified in Rule 14A.76(1) of the Hong Kong Listing Rules, and therefore qualify for full exemption from such requirements. Accordingly, the Company is only seeking shareholders' approval for the deposit services contemplated under the Financial Services Agreement.

Similarly, the credit services and other financial services under the Financial Services Agreement will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other provisions of the Listing Manual.

### 3.2 Details of the Interest Rates for the Deposit Services

Details of the Interest Rates for the Deposit Services is set out in Section 2.3 of the Circular, extracted and set out below for your reference.

#### “2.3 Interest Rates for the Deposit Services

(a) Pricing Mechanism

*Under the Financial Services Agreement, the interest rates for deposits placed by the Group with SIIC Finance are subject to a dual benchmark mechanism, under the same conditions, which ensures that such rates **shall be no lower than**:*

- (i) *those offered by the PRC Major Commercial Banks for the same type of deposits; and*
- (ii) *the rates offered by SIIC Finance for the same type of deposits accepted from third parties (i.e. members of SIIC Shanghai (excluding the Group)),*

*in each case, during the same period.*

*This dual benchmark mechanism is designed to ensure that the Group receives deposit interest rates that are at least as favourable as those available in the open market and at least as favourable as those offered by SIIC Finance to such third parties.*

(b) Illustrative Example

*The example presented below is **strictly for illustrative purposes only** and based on the following assumptions:*

- (i) *the Group wishes to place a fixed-term deposit of RMB100 million with a tenor of one year; and*
- (ii) *the interest rate period is from 20 May 2025 to 13 Mar 2026.*

*SIIC Finance would survey the prevailing one-year fixed-term deposit interest rates offered by the PRC Major Commercial Banks during the same period. For the purposes of this illustration, assume that the one-year fixed-term deposit interest rates offered by Industrial and Commercial Bank of China, Bank of China, China Construction Bank, Agricultural Bank of China and Bank of Communications (for deposits placed in the PRC) are as follows:*

<b>Bank</b>	<b>One-year fixed-term deposit rate (per annum)</b>
<i>Industrial and Commercial Bank of China</i>	<i>0.95%</i>
<i>Bank of China</i>	<i>0.95%</i>
<i>China Construction Bank</i>	<i>0.95%</i>
<i>Agriculture Bank of China</i>	<i>0.95%</i>
<i>Bank of Communications</i>	<i>0.95%</i>

*On this basis, the prevailing one-year fixed-term deposits offered by the PRC Major Commercial Banks is 0.95% per annum, which represents the highest rate available to the Group in the open market (“**Market Benchmark**”). It is very common for major commercial banks in the PRC to publish identical deposit rates, as such rates are generally aligned with prevailing market conditions.*

*SIIC Finance would then determine the interest rate it offers to third parties (i.e. members of SIIC Shanghai (excluding the Group)) for one-year fixed-term deposits during the same period, taking into account the Market Benchmark, the quantum of deposits, tenure and regularity of deposits, and such other factors as SIIC Finance may consider relevant at the time the deposit is placed. For instance, a higher interest rate will likely be offered by SIIC Finance for a larger quantum and/or longer tenure of deposits.*

*Under the Financial Services Agreement and based on the illustrative example above, the interest rate offered by SIIC Finance to the Group must be no lower than the Market Benchmark (being the best available rate from the PRC Major Commercial Banks, i.e. 0.95% per annum. Accordingly, the interest rate offered by SIIC Finance to the Group for the one-year fixed-term deposit must be no lower than 0.95% per annum.*

*The Group remains free to place deposits with any commercial bank or other non-bank financial institution in accordance with its own needs and requirements.*

#### 4. EVALUATION OF THE DEPOSIT SERVICES

In our evaluation of the Deposit Services, we have given due consideration to, *inter alia*, the following key factors:

- (i) Rationale and benefits of the Deposit Services as part of the Financial Services Agreement;
- (ii) Comparison of the deposit interest rates under the Financial Services Agreement vis-à-vis the deposit interest rates of the external banks and the Group's existing deposits interest rates;
- (iii) Comparison of the terms of the Deposit Services of the Financial Services Agreement compared to other comparable financial services agreements by companies listed on HKEX;
- (iv) Guidelines and review procedures for the Deposit Services under the Financial Services Agreements;
- (v) Undertakings by SIIC Shanghai and SIIC Finance; and
- (vi) Other relevant considerations.

##### 4.1 Rationale and benefits of the Deposit Services as part of the Financial Services Agreement

Details of the rationale and benefits of the Deposit Services for the Financial Services is set out in Section 3 of the Circular, extracted and set out below for your reference.

#### “3. RATIONALE AND BENEFITS

*The Board is of the view that it is beneficial to utilise the financial services from SIIC Finance under the Financial Services Agreement due to the following reasons:*

- (a) *the centralised treasury management services provided by SIIC Finance enable the Group to optimise overall capital utilisation and enhance cost-effectiveness and operational efficiency through improved coordination of cash flows and liquidity management across the Group;*
- (b) *SIIC Finance offers competitive interest rates for both deposit services and credit services. The favourable deposit rates enhance the Group's returns on surplus funds, while the competitive lending rates help reduce the Group's overall finance costs. The terms (including interest rates) in respect of the Deposit Services are no less favourable than those available from the PRC Major Commercial Banks;*
- (c) *the service fees and charges levied by SIIC Finance are competitive and cost-effective, and the finance costs of the Group can be reduced due to such favourable service fees for the funds settlement, collection and payment services and the other financial services;*

- (d) *SIIC Finance is familiar with the Group's business, including its capital structure, strategic direction, operating model, funding requirements and cash-flow patterns. This enables SIIC Finance to offer more flexible and customised financial products and services tailored to the Group's operational needs, enhancing capital efficiency and supporting the Group's business requirements more effectively than standardised offerings from external financial institutions;*
- (e) *the Group comprises a significant number of subsidiaries, and the consolidation of financial services through SIIC Finance enables the Group to achieve economies of scale in its financial operations. By pooling the financial service requirements of the Group's subsidiaries through a single financial services provider, the Group is able to leverage its collective deposit volumes and transaction flows to negotiate more favourable terms (including interest rates and service fees) than may be available to individual members of the Group on a standalone basis;*
- (f) *SIIC Finance has a streamlined organisational structure and efficient internal decision-making processes, enabling it to respond promptly to the Group's financial service needs and provide greater flexibility in structuring financing terms and tenors. This responsiveness supports faster decision-making, facilitates more efficient financial planning and unlocks strategic synergies through a deeper, more integrated relationship; and*
- (g) *the Group's portfolio of principal bankers and/or financial institutions will be diversified during the term of the Financial Services Agreement, thereby reducing concentration risk and enhancing the Group's financial flexibility. In addition, access to financial services from SIIC Finance strengthens the Group's negotiating position when dealing with other major commercial banks and financial institutions in the PRC, potentially resulting in more favourable terms across the Group's banking relationships.*

*The Directors consider that the terms of the Financial Services Agreement and the transactions contemplated thereunder (including the Deposit Services) are on normal commercial terms after arm's length negotiations and in the ordinary and usual course of business of the Group, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.*

*The Board has assessed the credit risks associated with the transactions contemplated under the Financial Services Agreement. It considers that, for the reasons set out below, the credit risks to which the Company may be exposed in connection with the Deposit Services provided by SIIC Finance, as the Company's financial service provider, have been effectively managed. The Board further believes that such risks will not exceed those associated with deposits placed with the PRC Major Commercial Banks and that the Company's assets are adequately protected against potential losses arising from the transactions contemplated under the Financial Services Agreement. The Board's views are based on the following:*

- (a) *the risk assessment and control measures to be undertaken by SIIC Finance in accordance with the Financial Services Agreement, details of which are set out against the column entitled "Risk assessment and control" in Section 2.2;*

- (b) *SIIC Finance is regulated by the People's Bank of China and the NFRA and is required to comply with the relevant rules and operational requirements issued by these authorities, including capital risk guidelines and prescribed capital adequacy ratios;*
- (c) *the deposits placed by the Group with SIIC Finance are safeguarded by undertakings provided by SIIC Finance and its controlling shareholder, SIIC Shanghai. Pursuant to these undertakings, SIIC Shanghai will make additional capital contributions to SIIC Finance in the event of payment difficulties, will refrain from withdrawing capital, and will provide liquidity support to the fullest extent. These protections are complemented by similar requirements embedded in the articles of association of SIIC Finance, as mandated under the Management Measures for Finance Companies of Enterprise Groups (《企業集團財務公司管理辦法》) Please refer to Section 5 for further details;*
- (d) *SIIC Finance has established a comprehensive suite of risk management systems and internal control policies governing its fund management, credit management and investment management activities. These systems provide standardised management and operations, with a reasonable division of labour, clearly defined responsibilities and transparent reporting lines, thereby supporting effective risk management;*
- (e) *SIIC Finance has maintained robust capital adequacy and liquidity ratios for the three years ended 31 December 2023, 2024 and 2025. Its minimum capital adequacy ratios during the period were 21.62%, 20.49% and 19.57%, respectively, while its minimum liquidity ratios during the period were 39.06%, 47.71% and 46.39%, respectively. Since its establishment in 2014, SIIC Finance has recorded no non-performing loans, evidencing its prudent risk management and operational stability;*
- (f) *the Company has conducted a comprehensive credit risk assessment of SIIC Finance, evaluating its operational and financial condition (including its capital adequacy and liquidity ratios, key financial metrics, financial risk indicators and regulatory compliance ratios) as well as its overall regulatory standing. Based on this assessment, the Board considers that SIIC Finance complies with the rules and regulatory requirements of the People's Bank of China and the NFRA, maintains adequate financial strength and creditworthiness to perform its obligations under the Financial Services Agreement and presents an acceptable level of credit risk to the Group;*
- (g) *under the relevant rules of the People's Bank of China and the NFRA, SIIC Finance primarily serves SIIC Shanghai and its member companies. Having served these group members over an extended period, SIIC Finance has developed a deep understanding of their capital positions, operating conditions and risk appetites. As a result, its customer base potentially exposes it to lower credit risks compared with entities that solicit business from external customers; and*
- (h) *the Group remains free to place deposits with any commercial bank or other non-bank financial institution in accordance with its own needs and requirements”*

#### 4.2 Comparison of the deposit interest rates under the Financial Services Agreement vis-vis the deposit interest rates of the external banks and the Group's existing deposits interest rates

Pursuant to the Financial Services Agreement, the Group shall engage SIIC Finance for the provision of deposit services. Under the Financial Services Agreement, the interest rates for deposits placed by the Group with SIIC Finance are subject to a dual benchmark mechanism, which ensures that such rates **shall be no lower than**:

- (i) those offered by other major commercial banks in the PRC for the same type of deposits; and
- (ii) the rates offered by SIIC Finance for the same type of deposits accepted from third parties (i.e. members of SIIC Shanghai (excluding the Group)),

in each case, during the same period.

This dual benchmark mechanism is designed to ensure that the Group receives deposit interest rates that are at least as favourable as those available in the open market and at least as favourable as those offered by SIIC Finance to such third parties.

#### Comparison with interest rates of the external banks

For illustration purposes, the deposit interest rates to be offered by SIIC Finance to the Group shall not be lower than the interest rates shown below.

Deposit periods		Deposit interest rate (%)	
		External bank rate	SIIC Finance rate <sup>(1)</sup>
Demand deposits		0.05%	0.05% <sup>(1)</sup>
7 days deposits		0.30%	0.30% <sup>(1)</sup>
Fixed deposits	3 months	0.65%	0.65% <sup>(1)</sup>
	6 months	0.85%	0.85% <sup>(1)</sup>
	One-year	0.95%	0.95% <sup>(1)</sup>
	Two-year	1.05%	1.05% <sup>(1)</sup>
	Three-year	1.25%	1.25% <sup>(1)</sup>

Note:-

- (1) Under the same conditions, such rates shall be no lower than those offered by other major commercial banks in the PRC for the same type of deposits during the same period, nor shall they be lower

The interest rates for deposits for the various tenures provided by the major banks of PRC, namely Industrial and Commercial Bank of China Limited, China Construction Bank Corporation, Agricultural Bank of China Limited, Bank of Communications and Bank of China Limited is at 20 May 2025, being the last date which such rates were changed as shown above. The principal PRC bankers of the Group include Bank of China, Industrial and Commercial Bank of China Limited, China Construction Bank, Agricultural Bank of China as well as Shanghai Pudong Development Bank.

SIIC Finance would then determine the interest rate it offers to third parties (i.e. members of SIIC Shanghai (excluding the Group)) for one-year fixed-term deposits during the same period, taking into account, the Market Range and Market Benchmark, the quantum of deposits, tenure and regularity of deposits, and such other factors as SIIC Finance may consider relevant at the time the deposit is placed. For instance, a higher interest rate will likely be offered by SIIC Finance for a larger quantum and/or longer tenure of deposits.

Under the Financial Services Agreement and based on the illustrative example above, the interest rate offered by SIIC Finance to the Group must be no lower than the Market Benchmark (being the best available rate from major commercial banks, i.e. 0.95% per annum). Accordingly, the interest rate offered by SIIC Finance to the Group for the one-year fixed-term deposit must be no lower than 0.95% per annum.

The Group remains free to place deposits with any commercial bank or other non-bank financial institution in accordance with its own needs and requirements.

We understand from the Company that before the Company decides to place a deposit with SIIC Finance, it will compare the interest rates offered by SIIC Finance with the interest rate offered by at least two (2) major commercial banks in PRC. This comparison mechanism will help ensure that the deposit rates offered by SIIC Finance are competitive for the Company.

#### **Comparison with Group's existing deposits**

The Company's cash and cash equivalents comprise cash and bank balances, demand deposits, bank overdrafts, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. As at 31 December 2025, RMB3,340 million of the Company's cash and cash equivalents are held with PRC banks with maturity periods of less than 3 months and carry interest rate at market rate, ranging from 0.01% to 1.50% per annum. Accordingly, the interest rate provided by SIIC Finance (as referenced to no lower than the prevailing external bank rates for similar type and tenure) is within the range of interest rates offered by such unrelated Financial Institutions.

#### 4.3 Comparison of the terms of the Deposit Services of the Financial Services Agreement compared to other comparable financial services agreements by companies listed on HKEX

For the purpose of our analysis on the terms of the Deposit Services of the Financial Services Agreement, we have made reference to following selected companies (“**Comparable Companies**”) which have entered into similar financial services agreements involving placing of deposits to give an indication of the current market expectations with regard to the terms of the Deposit Services. The Comparable Companies analysis was limited to HKEX-listed peers, as the Hong Kong market provides a sufficiently large and relevant pool of comparable companies with similar financial services agreements with its interested persons.

We wish to highlight that the Comparable Companies are not exhaustive and we recognise that while there may be similarities, there may also be differences in the overall financial services agreements. As such, any comparison made with respect to the Comparable Companies merely serves as an illustrative perceived market expectations of Deposit Services of the Financial Services Agreement entered into between the Group and SINC Finance and any conclusion drawn from the comparison may not necessarily reflect the perceived or implied terms of the Deposit Services.

Date	Company	Interested person	Condition	Tenure of financial services agreement
29 January 2026	Tianrui Cement Group Company Limited (“ <b>Tianrui Cement</b> ”)	Tianrui Group Finance Company Limited (“ <b>Tianrui Finance</b> ”)	Tianrui Finance shall provide the Cement Group with the Deposit Services subject to the terms and conditions provided in the 2025 Deposit Services Agreement (as amended by the Supplemental Agreement). The deposits placed by the Cement Group to Tianrui Finance are repayable on demand. Subject to compliance with the interest rate policies of the PBOC, the interest rate offered by Tianrui Finance to the Cement Group for the Deposit Services shall be <b>higher than the interest rate(s)</b> offered to the Cement Group by other mainstream financial institutions in the PRC for comparable deposits of similar nature and under similar terms during the same period.	Three years
24 November 2025	Shanghai Electric Holding Group Co., Ltd. (“ <b>SGC Group</b> ”)	Shanghai Electric Group Finance Co., Ltd. (“ <b>SE Finance</b> ”)	Interest rates set by SE Finance for deposits by SEGC Group will be subject to the relevant guidelines and regulations of the PBOC set out on the website of the PBOC. SE Finance will set its interest rates with reference to the rates set by the major commercial banks in the PRC. SE Finance will consider the size, term and time of deposits and funding needs of SE Finance at the time of taking deposits for each individual case, and <b>offer interest rates higher than the benchmark rates</b> set by the PBOC if the factors mentioned above are favourable to SE Finance. The deposit interest rates offered by SE Finance to SEGC Group are, during the same period, no more favourable than those offered by comparable Independent Third Parties to SEGC Group.	Three years
27 October 2025	Aluminum Corporation of China Limited (“ <b>Group</b> ”)	Chinalco Finance Co., Ltd. (“ <b>Chinalco Finance Company</b> ”)	Chinalco Finance Company undertakes that the terms for the provision of financial services to the Group at any time <b>shall be no less favourable than</b> those for the same type of financial services provided by Chinalco Finance Company to Chinalco and other members of its group, <b>nor less favourable than</b> those for the same type of financial services available to the Group from major commercial banks in the PRC at the same time.	Three years

21 May 2025	China Power International Development Limited ("Group")	SPIC Financial Co., Ltd. ("SPIC Financial")	The interest rate applicable to the Group for its deposits with SPIC Financial during the same period <b>shall not be lower than</b> (i) the benchmark interest rate specified by the PBOC of the same type of deposits; (ii) the interest rate of the same type of deposits obtained from other major commercial banks in the PRC to the Group; and (iii) the interest rate of same type of deposits placed by other members of SPIC Group with SPIC Financial.	Three years
30 December 2024	China Railway Group Limited ("CREC")	China Railway Finance Company Limited ("China Railway Finance")	The interest rate for CREC's deposit with China Railway Finance <b>shall be no less than</b> the minimum interest rate promulgated by the People's Bank of China for the same type of deposit, and no more than the applicable interest rate offered by the major commercial banks in PRC for the same type of deposit.	Three years
7 May 2024	CGN New Energy Holdings Co., Ltd ("CGN")	CGN Finance Co., Ltd. ("CGN Finance")	Pursuant to the New Financial Services (CGN Finance) Framework Agreement, CGN Finance may accept deposits from the CGN at an <b>interest rate not less than</b> the highest interest rate for the same type of deposit as may be offered by (i) major independent third party commercial banks to the CGN; and (ii) CGN Finance to other subsidiaries, associates or affiliated companies of CGN.	Three years
12 April 2024	China Communication Construction Company Limited ("CCCC")	China Communication Finance Co., Ltd. ("CCCC Finance")	The provision of deposit services by CCCC Finance to CCCC Group is to be made on <b>normal commercial terms or more favourable terms</b> which are in the Group's interests, and no assets of the Group are to be pledged as security for such deposit services in favour of CCCC Group.	Three years
27 October 2023	China Display Optoelectronics Technology Holdings Limited ("Group")	TCL Technology Finance Co., Ltd. ("Finance Company")	For deposits made within the PRC, the <b>interest rate shall not be less than</b> the highest of: (i) the minimum interest rate promulgated by the PBOC for the same type of deposit from time to time; and (ii) the interest rates for the same type of deposits offered to the relevant China Display Qualified Member by major commercial banks in the PRC; and other terms and conditions as a whole under the TCL Cash Pooling Arrangement shall also be not less favourable than those offered by major commercial banks in the PRC to any other members of the TCL Technology Group (including the Group) for the same type of deposits and shall be on normal commercial terms; and  For deposits made outside the PRC, the interest rate <b>shall not be lower than</b> the interest rates for the same type of deposits offered to the relevant China Display Qualified Member by major commercial banks located in the place where the relevant China Display Qualified Member is located; and other terms and conditions as a whole under the TCL Cash Pooling Arrangement shall also be not less favourable than those offered by major commercial banks located in the place where the relevant China Display Qualified Member is located to any other members of the TCL Technology Group (including the Group) for the same type of deposits and shall be on normal commercial terms.	Three years
	TCL Technology Group Corporation ("TCL Technology")			

1 December 2022	China Southern Airlines Company Limited ("Group")	China Southern Airlines Finance Company Limited ("Finance Company")	The interest rate (such as time deposit rate and saving deposit rate) for the Group's deposits with the Finance Company shall not be lower than the rate payable by major commercial banks in the PRC for comparable deposits.	Three years
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Note:

The defined terms used in this table are adopted solely for the purpose of this table for ease of reference and shall not have the same meanings as those defined elsewhere in the IFA letter or elsewhere.

Based on the above, we note that:-

- (i) the interest rate in respect of the Deposit Services which “*shall not be lower than those offered by other major commercial banks in the PRC for the same type of deposits during the same period, nor shall they be lower than the rates offered by SIIC Finance for the same type of deposits accepted from third parties during the same period*” is comparable to other deposit terms by the Comparable Companies as the interest rates for deposits are provided at either (a) at least, (b) not lower than, (c) no less favourable, and (d) higher than those offered by other major commercial banks in the PRC for the same type of deposits during the same period, nor shall they be lower than the rates offered by the interested persons for the same type of deposits accepted from third parties during the same period;
- (ii) similar deposit services arrangements do not specify a fixed rate but instead set a floor rate based on rates set by the major commercial banks in the PRC for the same type of deposits for the same periods; and
- (iii) the tenure of up to three (3) years in respect of the Financial Services Agreement is the same as the tenure of other financial services agreements entered into other listed companies with their interested persons and in line with the requirements of the Hong Kong Listing Rules.

#### **4.4 Guidelines and review procedures for the Deposit Services under the Financial Services Agreements**

Details of the guidelines and review procedure for the Financial Services under the Deposit Services is set out in Section 4 of the Circular, extracted and set out below for your reference.

##### **“4. REVIEW PROCEDURES; INTERNAL CONTROLS AND RISK MANAGEMENT**

*The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee and that such interested person transactions are undertaken on an arm’s length basis, on normal commercial terms consistent with the Group’s usual business practices and policies, are not prejudicial to the interests of the Company and its minority Shareholders, and on terms which are generally no more favourable to the interested persons than those extended to or received from unrelated third parties.*

##### Deposit Services

*The Company will adopt the following measures in monitoring the Deposit Services with SIIC Finance under the Financial Services Agreement:*

- (a) *before placing a deposit with SIIC Finance, the Group will assess the Daily Outstanding Balance Deposit Amount to ensure compliance with the Proposed Services Annual Caps;*
- (b) *the management team will review the pricing mechanism and interest rates provided by SIIC Finance on a regular basis and act in the best interests of the Company;*
- (c) *before placing a deposit with SIIC Finance, the Group will compare the interest rates offered by SIIC Finance with the interest rates offered by at the PRC Major Commercial Banks; and*

- (d) *the finance department of the Company shall be responsible for the operations and monitoring of the transactions under the Financial Services Agreement to ensure such transactions are conducted in accordance with the terms of the Financial Services Agreement*

*The Company will also adopt the following measures to monitor and mitigate the credit risks arising from the Deposit Services under the Financial Services Agreement:*

- (a) *the finance department of the Company will monitor the Daily Outstanding Balance Deposit Amount on a daily basis;*
- (b) *the Company will, on an ongoing basis, monitor any enforcement actions issued by the relevant authorities in respect of SIIC Finance and will report to management as appropriate;*
- (c) *the Company will conduct risk assessments and reviews of SIIC Finance on a regular basis to assess its financial standing and creditworthiness, as well as the credit risk and/or default risk associated with the transactions contemplated under the Financial Services Agreement;*
- (d) *the Company will review SIIC Finance's financial statements, to the extent available, on an ongoing basis in order to monitor its performance and assess the safety of the deposits placed by the Group with SIIC Finance;*
- (e) *in the event that SIIC Finance fails to comply with any regulatory requirement which may have a material adverse impact on the deposits placed by the Group with SIIC Finance, the Group will take proper and appropriate measures to protect its deposits, including early withdrawal of deposits or discontinuation of further deposits placed with SIIC Finance;*
- (f) *the Audit Committee and an external auditor appointed by the Company will conduct annual reviews of the transactions under the Financial Services Agreement and ensure compliance with the Proposed Deposit Services Annual Caps; and*
- (g) *the Board will review annually the Group's internal control system and its effectiveness*

*Credit Services and Other Financial Services*

*The Company will adopt the following measures in monitoring the Credit Services and Other Financial Services with SIIC Finance under the Financial Services Agreement:*

- (a) *before obtaining credit services from SIIC Finance, the Group will compare the interest rates offered by SIIC Finance with the interest rates offered by at least the PRC Major Commercial Banks; and*
- (b) *before engaging SIIC Finance for Other Financial Services, the Group will compare the service fees charged by SIIC Finance with the service fees charged by at least the PRC Major Commercial Banks.*

*In addition, SIIC Finance has agreed to (i) assist the Group in monitoring and managing the amount of daily outstanding balance of deposits placed by the Group with SIIC Finance to ensure that the Daily Outstanding Balance Deposit Amount does not exceed the maximum daily outstanding balance of deposits; (ii) without contravening applicable laws and regulations, use its best endeavours to cooperate with the Group in auditing the relevant transactions and to provide such information as the Group may reasonably require for disclosure under Listing Manual and the Hong Kong Listing Rules and for its review and evaluation, including, but not limited to, periodic financial and risk-monitoring information (such as quarterly, half-yearly and annual ongoing risk assessment or monitoring reports); and (iii) provide the finance department of the Company, with a monthly report detailing (A) the aggregate maximum daily outstanding balance of deposits (including accrued interests) placed by the Group with SIIC Finance; (B) the maximum daily outstanding balance of Credit Services provided by SIIC Finance to the Group; and (C) the aggregate maximum service fees payable for Other Financial Services provided by SIIC Finance to the Group.”*

#### **4.5 Undertakings by SIIC Shanghai and SIIC Finance**

Details of the undertakings by SIIC Shanghai and SIIC Finance is set out in Section 5 of the Circular, extracted and set out below for your reference.

##### **“5. UNDERTAKINGS BY SIIC SHANGHAI AND SIIC FINANCE**

*In respect of the Deposit Services, SIIC Shanghai, as the controlling shareholder of SIIC Finance, has undertaken that if SIIC Finance encounters an emergency situation involving payment difficulties, it will make additional capital contributions as necessary to resolve such difficulties. SIIC Shanghai has also undertaken that, in the event of a liquidity crisis at SIIC Finance, it will not withdraw any capital and will provide liquidity support to the fullest extent. Such undertakings will effectively provide assurance to the Group on the safety of funds deposited with SIIC Finance.*

*According to the regulatory requirements of the Management Measures for Finance Companies of Enterprise Groups (《企業集團財務公司管理辦法》) promulgated by the China Banking and Insurance Regulatory Commission, the controlling shareholders of finance companies are required to replenish capital to such finance companies when necessary. Therefore, the articles of association of SIIC Finance states that the controlling shareholder of SIIC Finance shall replenish capital to SIIC Finance when necessary.*

*To further safeguard the security of the deposits placed by the Group with SIIC Finance and to meet the Group’s financing needs, SIIC Finance has also undertaken to use its best endeavours and take all reasonable measures to ensure that such deposits are primarily utilised for providing credit services to the Group.”*

We note that in addition to review procedures, internal controls and risk management for the Deposit Services under the Financial Services Agreements to monitor the deposits as well as measures to monitor and mitigate the credit risks, the undertakings provided by SIIC Shanghai and SIIC Finance will provide further safety to the funds deposited by the Group with SIIC Finance.

#### 4.6 Other relevant considerations

##### 4.6.1 Entry into Financial Services Agreements are common

We note that the entry into a financial services agreement with its interested persons is commonly adopted by companies listed on the HKEX, in particular large corporates with internal finance companies as it offer more flexible and customised financial products and services tailored to the listed companies' operational needs, enhancing capital efficiency and supporting the companies' business requirements more effectively than standardised offerings from external financial institutions. Further the financial services agreement is flexible and the company can choose to utilise external parties whose rates and charges are more in favour to them.

We further note that such arrangements in respect of deposits typically include similar terms where the interest rates charged are subject to compliance with the interest rate policies of the People's Bank of China, the interest rate offered by the Interested Persons to the listed companies for the Deposit Services shall be not lower than or higher than the interest rate(s) offered to the listed companies by other mainstream financial institutions in the PRC for comparable deposits of similar nature and under similar terms during the same period.

Please refer to Section 4.3 of our letter for similar examples of other financial services agreements adopted by other listed companies.

##### 4.6.2 Deposit Services will also be subject to approval by the independent shareholders of the Company in Hong Kong

The Deposit Services is deemed as a recurrent connected person transaction under the Hong Kong Listing Rules is also subject to approval by the independent shareholders of SIIC in Hong Kong.

Pursuant to the Hong Kong Listing Rules, an Independent Board Committee comprising all the independent non-executive Directors (namely, Dr. Kimmis Pun Kim Ming, Mr. An Hongjun, Mr. Zhong Ming) has been established to advise the Independent Shareholders in connection with the deposit services contemplated under the Financial Services Agreement and the Proposed Deposit Services Annual Caps.

In addition, Gram Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether, in their opinion, the deposit services contemplated under the Financial Services Agreement are on normal commercial terms or better and in the ordinary and usual course of business of the Group and that the terms thereof, together with the Proposed Deposit Services Annual Caps, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

In the event that the resolutions pertaining to the Deposit Services and the Proposed Deposit Services Annual Caps is not approved by the independent shareholders in Hong Kong, the Financial Services Agreement will not proceed. Should the resolutions pertaining to the Deposit Services and the Proposed Deposit Services Annual Caps be approved by the independent shareholders in Hong Kong but the resolution for the Proposed Deposit Services is not approved by the Independent Shareholders, the Financial Services Agreement will also not proceed.

#### 4.6.3 No restriction on deposits with other financial institutions

The entry into Financial Services Agreement and the Deposit Services does not restrict the Group to use deposit services provided by third parties and therefore offers an additional option to the Group and increases the financial flexibility of the Group. The Company's criteria in making the choice in the deposit services would be made on benefits and quality of services. Therefore, the Group may, but is not obliged to, use SIIC Finance's deposit services if such services is competitive to the same type of services provided by independent commercial banks.

#### 4.6.4 Defined validity period of the Financial Services Agreement

The Financial Services Agreement has a clearly defined term ending on 31 December 2028, and the duration does not exceed three years unless renewed in accordance with applicable regulatory and listing rule requirements. The period for the Financial Services Agreement is fixed and reflect normal commercial terms and is consistent with the Hong Kong Listing Rules for continuing connected transactions and this ensures that the arrangement will be subject to periodic review by the Company, the Board and independent shareholders. This structure allows the Company to evaluate whether the arrangement remains commercially beneficial and represents good corporate practice, and to make amendments to the agreement or terminate the arrangement if it does not achieve the intended operational or financial benefits. In addition, the agreement requires the finance company to operate within its approved regulatory scope and comply with applicable laws and regulations, which provides additional oversight and safeguards for the Group and its shareholders.

## 5. OUR OPINION

In arriving at our recommendations in respect of the Deposit Services, we have taken into consideration, inter alia, the following factors summarised below and elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter:

- (i) Rationale and benefits of the Deposit Services as part of the Financial Services Agreement;
- (ii) Comparison of the deposit interest rates under the Financial Services Agreement vis-à-vis the deposit interest rates of the external banks and the Group's existing deposits interest rates;
- (iii) Comparison of the terms of the Deposit Services of the Financial Services Agreement compared to other comparable financial services agreements by companies listed on HKEX;
- (iv) Guidelines and review procedures for the Deposit Services under the Financial Services Agreements;
- (v) Undertakings by SIIC Shanghai and SIIC Finance; and
- (vi) Other relevant considerations as set out in Section 4.6 of this letter, namely:
  - (a) Entry into Financial Services Agreements are common;
  - (b) Deposit Services will also be subject to approval by the independent shareholders of the Company in Hong Kong;
  - (c) No restriction on deposits with other financial institutions; and
  - (d) Defined validity period of the Financial Services Agreement.

**Having regards to the considerations as set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that the Deposit Services, as an Interested Person Transaction, is on normal commercial terms and is not prejudicial to the interest of the Company and its Independent Shareholders.**

We wish to highlight that we were neither a party to the negotiations entered into by the Company in relation to the Deposit Services under the Financial Services Agreement, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the Financial Services Agreement, and we do not warrant the merits of the Deposit Services.

We have prepared this Letter for the use of the Independent Directors in connection with and for the purposes of their consideration of the Deposit Services. The recommendation made by them to the Independent Shareholders in relation to the Deposit Services shall remain the sole responsibility of the Independent Directors. Whilst a copy of this Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose other than for the purpose of the 2026 AGM at any time and in any manner without prior written consent of RHTC in each specific case.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours sincerely

For and on behalf of  
**RHT CAPITAL PTE. LTD.**

Khong Choun Mun  
Chief Executive Officer

Mah How Soon  
Managing Director