

CIRCULAR DATED 13 JULY 2023

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Circular is issued by Sanli Environmental Limited (the "**Company**"). If you are in any doubt about the contents of this Circular or the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Unless otherwise stated, capitalised terms appearing on the cover of this Circular have the same meanings as defined herein.

This Circular, together with the Notice of EGM and the accompanying Proxy Form, has been made available on SGXNet and on the Company's website at <https://www.sanli.com.sg>. Printed copies of the Notice of EGM and the Proxy Form will be despatched to Shareholders by post. Printed copies of this Circular will not be sent to Shareholders.

If you have sold or transferred all your ordinary shares in the capital of the Company, you should immediately inform the purchaser or transferee, or the bank, stockbroker or agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee, that this Circular, together with the Notice of EGM and the accompanying Proxy Form, may be accessed on SGXNet and the Company's website at <https://www.sanli.com.sg>.

This Circular has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular. The contact person for the Sponsor is Mr David Yeong (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.



SANLI ENVIRONMENTAL LIMITED
(Company Registration No. 201705316M)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED ADOPTION OF THE SANLI PERFORMANCE SHARE PLAN 2023

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	: 25 July 2023 at 11.00 a.m.
Date and time of EGM	: 28 July 2023 at 11.00 a.m. (or immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day)
Place of EGM	: 28 Kian Teck Drive Singapore 628845

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DEFINITIONS

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

- “Associate”** : (a) In relation to any individual, including a Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and
- (b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Auditors”** : The auditors for the time being of the Company
- “Award”** : An award of Shares granted under the Plan
- “Board”** : The board of Directors of the Company for the time being
- “Catalist”** : The Catalist Board of the SGX-ST
- “Catalist Rules”** : The SGX-ST Listing Manual Section B: Rule of Catalist, as may be amended, modified or supplemented from time to time
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Shareholders dated 13 July 2023 in respect of, *inter alia*, the proposed adoption of the Plan
- “Committee”** : The committee comprising members of the remuneration committee of the Company, or such other committee comprising Directors of the Company duly authorised and appointed by the Board to administer the Plan
- “Companies Act”** : The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
- “Company”** : Sanli Environmental Limited
- “Controlling Shareholder”** : A person who:
- (a) holds directly or indirectly 15% or more of the total voting rights in the Company (unless determined by SGX-ST that such person is not a Controlling Shareholder); or
 - (b) in fact exercises control over the Company

DEFINITIONS

“Director”	:	A director of the Company for the time being
“EGM”	:	The extraordinary general meeting of the Company, notice of which is set out on pages 25 to 27 of this Circular
“EPS”	:	Earnings per Share
“FY”	:	Financial year ended, or as the case may be, ending 31 March
“Group”	:	The Company and its subsidiaries
“Group Employee”	:	Any confirmed employee of the Group (including any Group Executive Director) selected by the Committee to participate in the Plan in accordance with the provisions thereof
“Group Executive Director”	:	A director of the Company or any of its subsidiaries, as the case may be, who performs an executive function
“Independent Shareholders”	:	Shareholders other than Shareholders who are Participants and Shareholders who are Associates of the Participants
“Latest Practicable Date”	:	23 June 2023, being the latest practicable date prior to the issue of this Circular
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“New Shares”	:	The new Shares which may be allotted and issued from time to time pursuant to the vesting of Awards granted under the Plan
“Non-Executive Director”	:	A director of the Company or any of its subsidiaries, as the case may be, other than a Group Executive Director
“Notice of EGM”	:	The notice convening the EGM to be held on 28 July 2023
“NTA”	:	Net tangible assets
“Participant”	:	A Group Employee who is selected by the Committee to participate in the Plan in accordance with the provisions of the Plan
“Proxy Form”	:	The proxy form accompanying the Notice of EGM as set out in this Circular
“Sanli ESOS”	:	The Sanli Employee Share Option Scheme which was adopted by the Company pursuant to the approval of Shareholders on 26 May 2022
“Sanli Performance Share Plan 2023” or “Plan”	:	The proposed Sanli Performance Share Plan, as amended, modified or supplemented from time to time
“Securities and Futures Act”	:	Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited

DEFINITIONS

“Shareholders”	:	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the persons to whose securities accounts maintained with CDP are credited with the Shares
“Shares”	:	Ordinary shares in the capital of the Company
“Takeover Code”	:	The Singapore Code on Take-overs and Mergers, as the same may be amended, modified or supplemented from time to time
“\$” and “cents”	:	Singapore dollars and cents respectively
“%” or “percent”	:	Percentage or per centum

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

The terms “**treasury shares**” and “**subsidiary**” shall have the meanings ascribed to them respectively in Section 4 and Section 5 of the Companies Act. The term “**subsidiary holdings**” shall mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act.

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

References to persons shall include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Securities and Futures Act, the Catalist Rules or any modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act, the Securities and Futures Act, the Catalist Rules or any such modification thereof, as the case may be, unless the context otherwise requires.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Circular between the sum of listed amounts and the totals thereof shown are due to rounding.

LETTER TO SHAREHOLDERS

SANLI ENVIRONMENTAL LIMITED

(Company Registration No. 201705316M)
(Incorporated in the Republic of Singapore)

Directors:

Mr Ng Lip Chi, Lawrence (Non-Executive Chairman and Independent Director)
Mr Kew Boon Kee (Deputy Chairman and Executive Director)
Mr Sim Hock Heng (Chief Executive Officer and Executive Director)
Mr Lee Tien Chiat (Executive Director)
Mr Chan Hock Leong (Independent Director)
Mr Latiff Bin Ibrahim (Independent Director)

Registered Office:

28 Kian Teck Drive
Singapore 628845

13 July 2023

TO: THE SHAREHOLDERS OF SANLI ENVIRONMENTAL LIMITED

Dear Madam / Sir

THE PROPOSED ADOPTION OF THE SANLI PERFORMANCE SHARE PLAN 2023

1. INTRODUCTION

- 1.1 The Directors of the Company are convening the EGM to be held on 28 July 2023 to seek Shareholders' approval for the proposed adoption of the Sanli Performance Share Plan 2023.
- 1.2 The purpose of this Circular is to explain the reasons for, and to provide Shareholders with information relating to the proposed adoption of the Plan, and to seek Shareholders' approval at the EGM.
- 1.3 The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.
- 1.4 The Company has appointed Vincent Lim & Associates LLC as the legal adviser to the Company as to Singapore law in relation to the proposed adoption of the Plan.

2. PROPOSED SANLI PERFORMANCE SHARE PLAN 2023

2.1 Rationale for the Plan

The Sanli ESOS was adopted by the Company pursuant to the approval of Shareholders on 26 May 2022. Save for the Sanli ESOS, the Company does not have any employee share option scheme or share scheme as at the Latest Practicable Date. As at the Latest Practicable Date, no options have been granted under the Sanli ESOS.

The Company proposes to implement the Plan, in addition to the Sanli ESOS, in order to:

- (a) give the Company greater flexibility and effectiveness in its continuing efforts to reward, retain and motivate Group Employees to achieve superior performance;
- (b) further strengthen the Company's competitiveness in attracting and retaining local and foreign talent;

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- (c) incentivise all Participants to excel in their performance and encourage greater dedication and loyalty to the Company; and
- (d) foster an ownership culture within the Group which aligns the interests of the Participants with the interests of Shareholders.

The Plan contemplates the award of fully paid Shares when or after pre-determined performance targets are accomplished or when due recognition should be given for any good work performance or any significant contribution to the Group.

Further, the Directors are proposing to implement the Plan to complement the current practice of paying cash bonus payments to employees of the Group. The Company may pay a portion of a Group Employee's annual cash bonus payment in the form of Shares. By giving the Group Employees the opportunity to participate in the equity of the Company as opposed to providing solely cash bonus payments for their performance, the Plan aims to cultivate a greater sense of involvement in the Company amongst the Group Employees.

2.2 Summary of the Plan

The following is a summary of the principal rules of the Plan. The detailed rules of the Plan are set out in the Appendix to this Circular.

2.3 Eligibility

The Plan allows for participation by Group Employees (including Group Executive Directors) at the absolute discretion of the Committee, provided that each such person:

- (a) has attained the age of 21 years on or before the relevant date of Award;
- (b) is not an undischarged bankrupt; and
- (c) is not a Controlling Shareholder or an Associate of a Controlling Shareholder.

For the avoidance of doubt, Non-Executive Directors shall not be eligible to participate in the Plan.

Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the Plan may be amended from time to time at the absolute discretion of the Committee.

2.4 Awards

Awards represent the right of a Participant to receive fully paid Shares free of charge, upon the Participant achieving prescribed performance targets, or when due recognition should be given to any good work performance or significant contribution to the Company, or when the Company decides to pay part of a Group Employee's annual cash bonus payment in the form of Shares.

The Participant's overall job performance, including his designation and dedication, and potential for future development and contribution to the development and profitability of the Group will be taken into account before an Award is granted to him. In the case of a performance-related Award, the performance targets to be set are intended to be broad-based and shall take into account both the medium-term corporate objectives of the Group and the individual performance of the Participant. The corporate objectives shall cover market competitiveness, quality of returns, business growth and productivity growth. The performance

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targets could be based on criteria such as sales growth, growth in earnings and return on investment. The performance targets are aimed at sustaining long-term growth.

Awards may only be vested and consequently any Shares comprised in such Awards shall only be delivered upon (i) the Committee being satisfied that the Participant has achieved the performance targets, or due recognition should be given for good work performance or significant contribution to the Company, or (ii) the Company decides to pay part of a Group Employee's annual cash bonus payment in the form of Shares.

Awards may be granted at any time in the course of a financial year, except during the period of one month before the announcement of the Company's half year and full year financial statements. In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Awards may only be granted on or after the second Market Day from the date on which such announcement is made.

An Award letter confirming the Award will be sent to each Participant as soon as reasonably practicable after the Award is finalised, specifying, *inter alia*, in relation to the Award:

- (a) in relation to a performance-related Award:
 - (i) the performance target(s);
 - (ii) the performance period during which the prescribed performance target(s) are to be satisfied;
- (b) the number of Shares to be vested on the Participant; and
- (c) the date by which the Award shall be vested.

The Committee will take into account various factors when determining the method to arrive at the exact number of Shares comprised in an Award. Such factors include, but are not limited to, the current price of the Shares, the total issued share capital of the Company and the pre-determined dollar amount which the Committee decides that a Participant deserves for meeting his performance targets. For example, Shares may be awarded based on pre-determined dollar amounts such that the quantum of Shares comprised in Awards is dependent on the closing price of Shares transacted on the Market Day the Award is vested. Alternatively, the Committee may decide absolute number of Shares to be awarded to Participants irrespective of the price of the Shares. The Committee shall monitor the grant of Awards carefully to ensure that the size of the Plan will comply with the relevant rules of the SGX-ST.

Special provisions for the vesting and lapsing of Awards apply in certain circumstances, including the following:-

- (a) the termination of the employment of a Participant;
- (b) the ill health, injury or disability of a Participant;
- (c) the bankruptcy of a Participant;
- (d) the misconduct of a Participant; and
- (e) a take-over, winding up or reconstruction of the Company.

2.5 Size and duration of the Plan

The total number of Shares which may be delivered pursuant to Awards granted under the Plan, when added to the number of Shares issued and issuable under other share-based incentive

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schemes of the Company, shall not exceed 15% of the issued shares excluding treasury shares and subsidiary holdings of the Company on the day preceding the relevant date of Award.

The Directors believe that the size of the Plan will give the Company sufficient flexibility to decide the number of Shares to be offered under the Plan. However, it does not indicate that the Committee will definitely issue Shares up to the prescribed limit. The Committee will exercise its discretion in deciding the number of Shares to be granted to each Participant under the Plan. This will in turn depend on and be commensurate with the performance and value of the Participant to the Group.

The Company will be delivering Shares pursuant to Awards granted under the Plan in the form of existing Shares held as treasury shares or by issuing New Shares. In determining whether to issue New Shares or to use treasury shares for delivery to Participants upon the vesting of their Awards, the Company will take into account factors such as the number of Shares to be delivered, the prevailing market price of the Shares and the financial effect on the Company of either issuing New Shares or using treasury shares.

The Plan shall continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the date the Plan is adopted by the Company in general meeting, provided always that the Plan may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Plan, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

2.6 Operation of the Plan

Subject to the prevailing legislation and SGX-ST guidelines, the Company will be delivering Shares to Participants upon vesting of their Awards by way of delivery of existing Shares held as treasury shares or issue of New Shares.

The financial effects of the delivery of Shares to Participants upon vesting of the Awards are set out in Section 2.10 of this Circular.

New Shares allotted and issued on the release of an Award shall rank in full for all entitlements, excluding dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or before the relevant vesting date of the Award, and shall in all other respects (including voting and other rights) rank *pari passu* with other existing Shares then in issue.

For purposes of the determination of Awards, the Committee has the right to make computational adjustments to figures extracted from the audited financial statements of the Company or the Group, as the case may be, to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events, and the right to amend the performance target(s) if the Committee decides that amended performance target(s) would be a fairer measure of performance.

2.7 Adjustments and alterations under the Plan

2.7.1 Variation of Capital

If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction of capital, subdivision or consolidation of Shares, distribution or otherwise) shall take place, then:

- (a) the class and/or number of Shares which are the subject of an Award to the

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extent not yet vested; and

- (b) the class and/or number of Shares over which future Awards may be granted under the Plan,

shall be adjusted in such manner as the Committee may determine at its discretion to be appropriate, which will not result in a Participant receiving a benefit that a Shareholder does not receive.

The issue of securities as consideration for an acquisition, a private placement of securities, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force shall not normally be regarded as a circumstance requiring adjustment.

Any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not arbitrators) to be in their opinion, fair and reasonable.

2.7.2 Modifications or Alterations to the Plan

The rules of the Plan may be modified or altered from time to time by a resolution of the Committee, subject to compliance with the Catalist Rules and such other laws and regulations as may be necessary.

No modification or alteration shall be made to the rules of the Plan to the advantage of the Participants except with the prior approval of Shareholders in general meeting. Further, no modification or alteration shall be made to the rules of the Plan that will result in a Participant receiving a benefit that a Shareholder does not have.

2.8 **Disclosures in annual reports**

The following disclosures (as applicable) will be made by the Company in its annual report for so long as the Plan continues in operation:

- (a) the names of the members of the Committee administering the Plan;
- (b) in respect of the following Participants of the Plan:-
 - (i) Directors of the Company;
 - (ii) Participants who are Controlling Shareholders of the Company and their Associates, if applicable; and
 - (iii) Participants (other than those in paragraphs (i) and (ii) above) who have received Shares pursuant to the vesting of Awards granted under the Plan which, in aggregate, represent 5% or more of the total number of Shares available under the Plan,

the following information:-

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Name of Participant	Number of Shares comprised in Awards during financial year under review (including terms)	Aggregate number of Shares comprised in Awards from commencement of Plan to end of financial year under review	Number of Shares comprised in Awards which have been issued and/or transferred since commencement of Plan to end of financial year under review	Number of Shares comprised in Awards not vested as at end of financial year under review

(c) such other information as may be required by the Catalist Rules or the Companies Act.

2.9 Role and composition of the Committee

The Committee shall be responsible for the administration of the Plan and shall consist of Directors.

The Committee oversees executive development in the Group with the aim of building capable and committed management teams, through focused management and progressive policies which can attract and retain a pool of talented executives to meet the current and future growth of the Group.

The Committee shall have the power from time to time to make and vary such regulations (not being inconsistent with the Plan) for the implementation and administration of the Plan as it deems fit, provided that:-

- (a) any modification or alteration which would be to the advantage of Participants under the Plan shall be subject to the prior approval of Shareholders in a general meeting;
- (b) the modification or alteration must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive; and
- (c) no modification or alteration shall be made without due compliance with the Catalist Rules and such other laws and regulations as may be necessary.

Any decision of the Committee (including any decision pertaining to disputes as to the interpretation of the Plan or any rule, regulation or procedure thereunder or as to any rights under the Plan) made pursuant to any provision of the Plan (other than a matter to be certified by the Auditors) shall be final, binding and conclusive.

In compliance with the requirements of the Catalist Rules, any Participant of the Plan who is a member of the Committee shall not be involved in its deliberations in respect of Awards granted or to be granted to that member of the Committee.

2.10 Financial effects of the Plan

2.10.1 Cost of Awards

As Participants are not required to pay for the grant of the Awards, such grant of Awards will have a financial effect on the Company.

Singapore Financial Reporting Standards (International) (SFRS(I)) 2, Share-based payments, requires the recognition of an expense in respect of Awards granted under the Plan. Awards would be accounted for as equity-settled share-based transactions.

The fair value of employee services received in exchange for the grant of the Awards would be recognised as an expense in the income statement with a corresponding

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increase in a reserve account over the vesting period. The expenses will be based on the fair value of the Awards at the date of the grant and will be recognised over the expected vesting period. As at the end of each financial year, the Company will revise its estimated number of New Shares under the Awards that are expected to become exercisable on the vesting date recognising the effect of the revision of estimates in the income statement with a corresponding adjustment to the reserve account over the remaining vesting period. The expense recognised in the income statement also depends on whether or not the performance target attached to an Award is measured by reference to the market price of the Shares. This is known as a “market condition”. If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the Award granted at the date of grant, and no adjustments to the amounts charged to the income statement are made whether or not the market condition is met.

However, if the performance target is not a market condition, the fair value per share of the Awards granted at the date of grant is used to compute the expense to be recognised in the income statement at the end of each financial year, based on an assessment at that date of whether the non-market conditions would be met to enable the Awards to vest. Thus, where the vesting conditions do not include a market condition, there would be no cumulative expense recognised in the income statement if the Awards do not ultimately vest.

2.10.2 Share capital

The Plan will result in an increase in the Company’s issued share capital only if new Shares are issued to Participants. The number of New Shares issued will depend on, *inter alia*, the size of the Awards granted under the Plan. However, if treasury shares are used for delivery to Participants in lieu of issuing New Shares to Participants, the Plan will have no impact on the Company’s issued share capital.

2.10.3 NTA

The Plan will result in a charge to the Company’s and Group’s income statements which is equal to the fair value of the Awards over the period from the date of grant of the Awards to the vesting date. If New Shares are issued under the Plan, the NTA of the Group and the Company would decrease by the amount charged. If existing Shares are purchased for delivery to Participants, the NTA of the Group and the Company would decrease by the cost of Shares purchased.

Although the Plan will result in a charge to the income statement of the Company and the Group, it should be noted that Awards are granted only on a selective basis and will be granted to Participants whom the Company believes would have contributed or will contribute significant value to its success, including financial performance. In particular, the grant of Awards and delivery of Shares to Participants of the Plan, are contingent upon the Participants meeting prescribed performance targets or delivering good work performance. Therefore Participants would have contributed to or will contribute to significant value add to the NTA of the Company and the Group before the Awards are granted and Shares delivered.

2.10.4 EPS

The Plan will result in a charge to earnings equivalent to the fair value of the Awards at the date of grant over the period from the date of grant of the Awards to the vesting date.

Although the Plan will have a dilutive impact (to the extent that New Shares are issued pursuant to the Plan) on the EPS of the Company and the Group, it should again be

LETTER TO SHAREHOLDERS

noted that the delivery of Shares to Participants under the Plan will generally be contingent upon the Participants meeting the prescribed performance targets or delivering good work performance. Accordingly, the earnings of the Company and the Group should have grown before the Awards are granted and Shares delivered.

2.11 Listing of Shares

The Company will seek the approval of the SGX-ST for the listing and quotation of any New Shares to be allotted and issued pursuant to the Plan. Shareholders are advised that such in-principle approval granted by the SGX-ST, and the admission to, and quotation of the New Shares on the Catalist are not to be taken as an indication of the merits of the proposed Plan, the New Shares, the Company and/or its subsidiaries.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of Directors and Substantial Shareholders of the Company in Shares, as recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholders, are set out below:

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors				
Mr Ng Lip Chi, Lawrence	-	-	-	-
Mr Kew Boon Kee ⁽²⁾	21,882,675	8.21%	110,288,509	41.39%
Mr Sim Hock Heng ⁽²⁾	21,882,675	8.21%	110,288,509	41.39%
Mr Lee Tien Chiat ⁽²⁾	13,282,675	4.99%	110,288,509	41.39%
Mr Chan Hock Leong	100,000	0.04%	-	-
Mr Latiff Bin Ibrahim	-	-	-	-
Substantial Shareholders (other than Directors)				
Typha Holdings Pte. Ltd. ⁽²⁾	110,288,509	41.39%	-	-
Pek Kian Boon	23,897,512	8.97%	-	-

Notes:

- (1) The percentage shareholding interest is computed based on 266,432,113 Shares (excluding treasury shares) as at the Latest Practicable Date.
- (2) The shareholders of Typha Holdings Pte. Ltd. are Mr Sim Hock Heng, Mr Kew Boon Kee and Mr Lee Tien Chiat, each holding 33.3% of the share capital of Typha Holdings Pte. Ltd. Accordingly, Mr Sim Hock Heng, Mr Kew Boon Kee and Mr Lee Tien Chiat are deemed to have an interest in the shares held by Typha Holdings Pte. Ltd. by virtue of Section 7 of the Companies Act.

4. DIRECTORS' RECOMMENDATIONS

All of the Directors (namely, Mr Sim Hock Heng, Mr Kew Boon Kee and Mr Lee Tien Chiat who are Controlling Shareholders, and Mr Ng Lip Chi, Lawrence, Mr Chan Hock Leong and Mr Latiff Bin Ibrahim who are Non-Executive Directors) are not eligible to participate in the Plan.

Having considered the rationale and information relating to the proposed adoption of the Plan, the Directors are of the opinion that the adoption of the Plan is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the resolution to be proposed at the EGM.

LETTER TO SHAREHOLDERS

5. ABSTENTION FROM VOTING

Group Employees, who are eligible to participate in the Plan and who are also Shareholders (provided that such Group Employees are not Controlling Shareholders or Associates of a Controlling Shareholder), shall abstain from voting in respect of their holdings of Shares (if any), and shall not accept appointments as proxies for voting at the EGM, in respect of all the resolutions to be tabled at the EGM, unless specific instructions have been given in the proxy instrument on how the Shareholders wish their votes to be cast for each of such resolutions.

The Company will disregard any votes cast by the abovementioned persons who are required to abstain from voting on all the resolutions to be tabled at the EGM.

6. EXTRAORDINARY GENERAL MEETING

The EGM will be held at 28 Kian Teck Drive, Singapore 628845 on 28 July 2023 at 11.00 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be convened at 10.00 a.m. on the same day) for the purpose of considering and, if thought fit, passing with or without any amendments, the resolution set out in the Notice of EGM in this Circular.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend on their behalf are requested to complete and sign the Proxy Form in accordance with the instructions printed thereon and submit as follows:

- (a) personally or by post to the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
- (b) by electronic mail to srs.teamc@boardroomlimited.com,

so as to be received not less than 72 hours before the time fixed for the EGM. The completion and lodgement of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM in person if he so wishes.

A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register as at 72 hours before the EGM.

8. 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 adoption of the Plan, 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.

LETTER TO SHAREHOLDERS

9. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection by prior appointment at the registered office of the Company at 28 Kian Teck Drive Singapore 628845 during normal office hours from the date hereof up to and including the date of the EGM:

- (a) the Constitution of the Company;
- (b) the Annual Report of the Company for FY2023; and
- (c) the Rules of the Sanli Performance Share Plan 2023.

Yours faithfully

For and on behalf of the Board of Directors of
Sanli Environmental Limited

Ng Lip Chi, Lawrence
Non-Executive Chairman and Independent Director

APPENDIX – RULES OF THE SANLI PERFORMANCE SHARE PLAN 2023

1. Name of the Plan

The Plan shall be called the “**Sanli Performance Share Plan 2023**”.

2. Definitions

2.1 In this Plan, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“ Adoption Date ”	: The date on which the Plan is adopted by the Company in general meeting
“ Associate ”	: Shall have the meaning ascribed to the term in the Catalyst Rules
“ Auditors ”	: The auditors for the time being of the Company
“ Award ”	: An award of Shares granted under the Plan
“ Board ”	: The board of Directors of the Company for the time being
“ Catalist ”	: The Catalist Board of the SGX-ST
“ Catalist Rules ”	: The SGX-ST Listing Manual Section B: Rule of Catalist, as may be amended, modified or supplemented from time to time
“ CDP ”	: The Central Depository (Pte) Limited
“ Committee ”	: A committee comprising members of the remuneration committee of the Company, or such other committee comprising Directors of the Company duly authorised and appointed by the Board to administer the Plan
“ Companies Act ”	: The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
“ Company ”	: Sanli Environmental Limited
“ Controlling Shareholder ”	: A person who:- (a) holds directly or indirectly 15% or more of the total voting rights in the Company (unless determined by SGX-ST that such person is not a Controlling Shareholder); or (b) in fact exercises control over the Company
“ Director ”	: A director of the Company for the time being
“ Group ”	: The Company and its subsidiaries
“ Group Employee ”	: Any confirmed employee of the Group (including any Group Executive Director) selected by the Committee to participate in the Plan in accordance with the provisions of the Plan
“ Group Executive Director ”	: A director of the Company or any of its subsidiaries, as the case may be, who performs an executive function

APPENDIX – RULES OF THE SANLI PERFORMANCE SHARE PLAN 2023

“Sanli Performance Share Plan 2023” or “Plan”	: The Sanli Performance Share Plan, as amended, modified or supplemented from time to time
“Market Day”	: A day on which the SGX-ST is open for trading in securities
“New Shares”	: The new Shares which may be issued from time to time pursuant to the vesting of Awards granted under the Plan
“Non-Executive Director”	: A director of the Company or any of its subsidiaries, as the case may be, other than a Group Executive Director
“Participant”	: A Group Employee who is selected by the Committee to participate in the Plan in accordance with the provisions of the Plan
“Performance Targets”	: The performance targets prescribed by the Committee to be fulfilled by a Participant for any particular period under the Plan
“Rules”	: The rules of the Plan, as the same may be amended, modified or supplemented from time to time
“Securities and Futures Act”	: Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
“SGX-ST”	: Singapore Exchange Securities Trading Limited
“Shareholders”	: Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the persons to whose securities accounts maintained with CDP are credited with the Shares
“Shares”	: Ordinary shares in the capital of the Company
“subsidiary”	: Shall have the meaning ascribed to it in Section 5 of the Companies Act
“subsidiary holdings”	: Shall mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act
“treasury shares”	: Shall have the meaning ascribed to it in Section 4 of the Companies Act
“\$” and “cents”	: Singapore dollars and cents respectively
“%” or “percent”	: Percentage or per centum

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

2.3 Any reference in the Plan or the Rules to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Securities and Futures Act or any statutory modification thereof or the Catalist Rules and used in the Plan and the Rules shall have the meaning assigned to it under the Companies Act, the Securities and Futures Act or any statutory modification thereof or the Catalist Rules, as the

APPENDIX – RULES OF THE SANLI PERFORMANCE SHARE PLAN 2023

case may be.

- 2.4 Words importing the singular number shall include the plural number where the context admits and vice versa. Words importing the masculine gender shall include the feminine gender where the context admits.
- 2.5 Any reference to a time of day shall be a reference to Singapore time.

3. Objectives

The purpose of the Plan is to provide an opportunity for Group Employees (including Group Executive Directors) who have met the Performance Targets to be enumerated through an equity stake in the Company or when due recognition should be given for any good work performance or significant contribution to the Company as well as for Group Employees to receive part of their annual cash bonus payment in the form of Shares.

The Company believes that the retention of outstanding employees within the Group is paramount to the Group's long-term objectives of pursuing continuous growth and expansion in its future business and operations. Furthermore, the Group acknowledges the importance of preserving financial resources for future business development and to withstand difficult times. In light of this, the Group's strategy is to contain the remuneration of its employees and executives which constitutes a major component of the Group's operating costs.

The Plan is formulated with those objectives in mind. Through the Plan, the Company hopes to be able to remain an attractive and competitive employer, and to be better able to manage its fixed overhead costs without compromising on performance standards and efficiency.

4. Eligibility

- 4.1 Group Employees (including Group Executive Directors) shall be eligible to participate in the Plan at the absolute discretion of the Committee, provided that each such person:
- (a) has attained the age of 21 years on or before the date of grant of the Award;
 - (b) is not an undischarged bankrupt; and
 - (c) is not a Controlling Shareholder or an Associate of a Controlling Shareholder.

For the avoidance of doubt, Non-Executive Directors shall not be eligible to participate in the Plan.

- 4.2 For the purposes of determining eligibility to participate in the Plan, the secondment of a Group Employee to another company within the Group shall not be regarded as a break in his employment or his having ceased by reason only of such secondment to be a full-time employee of the Group.
- 4.3 There shall be no restriction on the eligibility of any Participant to participate in any other share option or share incentive schemes implemented by the Company or any other company within the Group.
- 4.4 Subject to the Companies Act and any requirement of the SGX-ST, the terms of eligibility for participation in the Plan may be amended from time to time at the absolute discretion of the Committee.

APPENDIX – RULES OF THE SANLI PERFORMANCE SHARE PLAN 2023

5. Limitations under the Plan

- 5.1 The Company may deliver Shares pursuant to the Awards granted under the Plan in the form of existing Shares held as treasury shares or by an issue of New Shares. In determining whether to issue New Shares or to purchase existing Shares for delivery to Participants upon the vesting of their Awards, the Company will take into account factors such as the number of Shares to be delivered, the prevailing market price of the Shares and the financial effect on the Company of either issuing New Shares or purchasing existing Shares.
- 5.2 Awards may only be vested and consequently any Shares comprised in such Awards shall only be delivered upon (i) the Committee being satisfied that the Participant has achieved the Performance Targets or due recognition should be given for good work performance or significant contribution to the Company or (ii) the Company decides to pay part of a Group Employee's annual cash bonus payment in the form of Shares.
- 5.3 The aggregate number of Shares over which the Committee may grant Awards on any date, when added to the number of Shares issued and issuable in respect of all Awards granted under the Plan and all other Shares issued and issuable under any other share-based incentive schemes of the Company for the time being in force, shall not exceed 15% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) on the day preceding that date.

6. Date of Grant

The Committee may grant Awards at any time in the course of a financial year, except during the period of one month before the announcement of the Company's half year and full year financial statements. In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, Awards may only be granted on or after the second Market Day from the date on which such announcement is made.

7. Awards

- 7.1 Awards are personal to the Participant to whom it is given and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part, unless with the prior approval of the Committee.
- 7.2 Once an Award is finalised by the Committee, the Committee shall send an Award letter to the Participant confirming the said Award. The said Award letter shall specify, *inter alia*, the following:
- (a) in relation to a performance-related Award, the Performance Target(s) for the Participant and the period during which the Performance Target(s) shall be met;
 - (b) the number of Shares to be vested on the Participant; and
 - (c) the date on which the Award shall be vested.
- 7.3 The Committee shall take into account various factors when determining the method to arrive at the exact number of Shares comprised in an Award. Such factors include, but are not limited to, the current price of the Shares, the total issued share capital of the Company and the predetermined dollar amount which the Committee decides that a Participant deserves for meeting his Performance Targets. For example, Shares may be awarded based on predetermined dollar amounts such that the quantum of Shares comprised in Awards is dependent on the closing price of Shares transacted on the Market Day the Award is vested.

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Alternatively, the Committee may decide absolute numbers of Shares to be awarded to Participants irrespective of the price of the Shares. The Committee shall monitor the grant of Awards carefully to ensure that the size of the Plan will comply with the relevant rules of the SGX-ST.

- 7.4 The Committee has the right to amend the Performance Target(s) if the Committee decides that it would be a fairer measure of the performance of a Participant or for the Plan as a whole. The Committee shall have the sole discretion to determine whether Performance Target(s) have been met (whether fully or partially) or exceeded or whether the Participant's performance or contribution to the Company or any of its subsidiaries justifies the vesting of an Award. In making any such determination, the Committee shall have the right to take into account such factors as the Committee may in its sole discretion determine to be relevant, and further, the right to amend the service conditions or Performance Target(s), if any, if the Committee decides that it would be more equitable to do so.

8. Vesting of the Awards

- 8.1 Notwithstanding that a Participant may have met his Performance Targets, no Awards shall be vested:-

- (a) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Award;
- (b) in the event of any misconduct on the part of the Participant as determined by the Committee in its discretion;
- (c) in the event of an order being made or a resolution being passed for the winding up of the Company; or
- (d) in the event that the Committee shall, at its discretion, deem it appropriate that such Award to be given to a Participant shall so lapse on the grounds that any of the objectives of the Plan (as set out in Rule 3) have not been met.

- 8.2 A Participant shall be entitled to an Award so long as he has met the Performance Targets notwithstanding that he may have ceased to be employed by the Group after the fulfilment of such Performance Targets. For the purpose of this Rule 8.2, the Participant may cease to be so employed in any of the following events, namely:-

- (a) through ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
- (b) redundancy;
- (c) retirement at or after the legal retirement age;
- (d) retirement before the legal retirement age with the consent of the Committee; or
- (e) any other reason approved by the Committee.

- 8.3 If before the vesting of an Award, any of the following occurs:-

- (a) a take-over offer for the Shares becomes or is declared unconditional; or
- (b) a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies being approved by Shareholders of the Company or sanctioned by the applicable courts under applicable legislation; or

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the Committee will consider, at its discretion, and subject to any legal or regulatory requirements, whether or not to release the Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee decides to release the Award, then in determining the number of Shares to be vested in respect of such Award, the Committee will have regard to the extent to which the Performance Target(s) has been satisfied and any legal or regulatory requirements.

9. Shares

- 9.1 Subject to such consents or other required action of any competent authority under any regulations or enactments for the time being in force as may be necessary and subject to the compliance with the terms of the Plan and the Constitution of the Company, the Company shall within 10 Market Days after the vesting of an Award, allot and issue the relevant Shares and despatch to CDP the relevant share certificates by ordinary post or such other mode as the Committee may deem fit, or in the case of a transfer of treasury shares, do such acts or things as may be necessary for the transfer to be effective.
- 9.2 The Company shall, as soon as practicable after allotment, where necessary, apply to the SGX-ST for the permission to deal in and for quotation of the relevant New Shares.
- 9.3 New Shares which are the subject of an Award shall be issued in the name of CDP for the credit of the securities account of that Participant maintained with CDP or the securities sub-account maintained with a Depository Agent.
- 9.4 Shares delivered upon the vesting of an Award shall be subject to all the provisions of the Constitution of the Company, and shall rank in full for all entitlements, excluding dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which falls on or before the date of issue of New Shares or the date of transfer of treasury shares pursuant to the vesting of the Award, and shall in all other respects (including voting and other rights) rank *pari passu* with other existing Shares then in issue. “**Record Date**” means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.
- 9.5 Shares which are allotted, and/or treasury shares which are transferred, on the vesting of an Award to a Participant, may be subject to such moratorium as may be imposed by the Committee.

10. Variation of Capital

- 10.1 If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction of capital, subdivision or consolidation of Shares, distribution or otherwise) shall take place, then:-
- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or
 - (b) the class and/or number of Shares over which future Awards may be granted under the Plan,

shall be adjusted in such manner as the Committee may determine at its discretion to be appropriate and, except in relation to a capitalisation issue, upon the Auditors (acting as experts and not as arbitrators) having confirmed in writing that in their opinion such adjustment is fair and reasonable.

- 10.2 Unless the Committee considers an adjustment to be appropriate, the following (whether singly or in combination) shall not be regarded as events requiring adjustment:-

APPENDIX – RULES OF THE SANLI PERFORMANCE SHARE PLAN 2023

- (a) the issue of securities as consideration for an acquisition or a private placement of securities;
 - (b) any increase in the number of issued Shares as a consequence of the exercise of any options or other convertible of any loan stock or any other securities convertible into Shares or subscription rights of any warrants issued from time to time by the Company entitling holders thereof to acquire new Shares in the capital of the Company;
 - (c) any increase in the number of issued Shares as a consequence of the delivery of Shares pursuant to the vesting of Awards from time to time by the Company or through any other share-based incentive schemes implemented by the Company;
 - (d) any issue of Shares pursuant to any scrip dividend scheme for the time being of the Company; or
 - (e) any reduction in the number of issued Shares as a result of the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force.
- 10.3 Notwithstanding the provisions of Rules 10.1 and 10.2, no adjustment shall be made:-
- (a) if as a result of such adjustment, the Participant receives a benefit that a Shareholder does not receive; or
 - (b) if such adjustment will result in the aggregate number of Shares available under the Plan, when added to the number of Shares issued and issuable under any other share-based incentive schemes of the Company for the time being in force, to exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company from time to time.
- 10.4 Upon any adjustment required to be made pursuant to this Rule 10, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued pursuant to the grant of an Award. Any adjustment shall take effect upon such written notification being given.
- 11. Administration of the Plan**
- 11.1 The Plan shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards granted or to be granted to him.
- 11.2 The Committee shall have the power, from time to time, to make and vary such rules (not being inconsistent with the Plan) for the implementation and administration of the Plan as they think fit including, but not limited to:
- (a) imposing restrictions on the number of Awards that may be vested within each financial year; or
 - (b) amending Performance Targets if by so doing, it would be a fairer measure of performance for a Participant or for the Plan as a whole.
- 11.3 Any decision of the Committee (including any decision pertaining to disputes as to the interpretation of the Plan or any rule, regulation or procedure thereunder or as to any rights

APPENDIX – RULES OF THE SANLI PERFORMANCE SHARE PLAN 2023

under the Plan) made pursuant to any provision of the Plan (other than a matter to be certified by the Auditors) shall be final, binding and conclusive.

12. Notices and Annual Report

12.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses as may be notified by the Company to him in writing. Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company.

12.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address according to the records of the Company or at the last known address of the Participant and if sent by post, shall be deemed to have been given on the day following the date of posting.

12.3 The Company shall disclose the following in its annual report as long as the Plan continues in operation:

- (a) the names of the members of the Committee administering the Plan;
- (b) the information required in the table below for the following Participants:
 - (i) Directors of the Company;
 - (ii) Participants who are Controlling Shareholders of the Company and their Associates, if applicable; and
 - (iii) Participants other than those in (i) and (ii) above, who received Shares pursuant to the vesting of the Awards granted under the Plan which, in aggregate, represent 5% or more of the total number of Shares available under the Plan;

Name of Participant	Number of Shares comprised in Awards during financial year under review (including terms)	Aggregate number of Shares comprised in Awards from commencement of Plan to end of financial year under review	Number of Shares comprised in Awards which have been issued and/or transferred since commencement of Plan to end of financial year under review	Number of Shares comprised in Awards not vested as at end of financial year under review

- (c) such other information as may be required by the Catalist Rules or the Companies Act.

If any of the above is not applicable, an appropriate negative statement shall be included.

13. Modifications to the Plan

13.1 Any or all the provisions of the Plan may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:

- (a) any modification or alteration which would be to the advantage of Participants under the Plan shall be subject to the prior approval of Shareholders in a general meeting;
- (b) the modification or alteration must be made in such a way that a Participant will not receive a benefit that a Shareholder does not receive; and

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- (c) no modification or alteration shall be made without due compliance with the Catalyst Rules and such other laws and regulations as may be necessary.

13.2 The Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST or such other regulatory authorities as may be necessary) amend or alter the rules or provisions of the Plan in any way to the extent necessary to cause the Plan to comply with any statutory provision or the requirements of any regulatory or other relevant authority or body (including the SGX-ST).

13.3 Written notice of any modification or alteration made in accordance with this Rule 13 shall be given to all Participants.

14. Terms of employment unaffected

The terms of employment of a Participant (who is a Group Employee) shall not be affected by his participation in the Plan, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

15. Duration of the Plan

15.1 The Plan shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the Adoption Date, provided always that the Plan may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

15.2 The Plan may be terminated at any time at the discretion of the Committee or by an ordinary resolution of the Company in general meeting, subject to all other relevant approvals which may be required and if the Plan is so terminated, no further Awards shall be granted by the Company thereunder.

15.3 The termination or expiry of the Plan shall not affect Awards which have been granted prior to such termination or expiry and such Awards shall continue to remain valid.

16. Taxes

All taxes (including income tax) arising from the grant and/or vesting of Awards to any Participant under the Plan shall be borne by that Participant.

17. Costs and expenses

17.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the allotment and issue or transfer of any Shares pursuant to the vesting of Awards in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP Depository Agent.

17.2 Save for the taxes referred to in Rule 16 and such other costs and expenses expressly provided in the Plan to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Plan including but not limited to the fees, costs and expenses relating to the allotment, issue and/or delivery of Shares pursuant to the vesting of Awards shall be borne by the Company.

18. Disclaimer of liability

Notwithstanding any provisions herein contained, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages

APPENDIX – RULES OF THE SANLI PERFORMANCE SHARE PLAN 2023

whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing or transferring the Shares or applying for or procuring the listing of the Shares on Catalist.

19. Disputes

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final, binding and conclusive in all respects.

20. Condition of Awards

Every Award shall be subject to the condition that no Shares shall be issued or transferred pursuant to the vesting of any Award if such issue or transfer would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country having jurisdiction in relation to the issue or transfer of Shares hereto.

21. Governing Law

The Plan shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting Awards in accordance with the Plan, and the Company irrevocably submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

22. Contracts (Rights of Third Parties) Act 2001

No person other than the Company or a Participant shall have any right to enforce any provision of the Plan or any Award by the virtue of the Contracts (Rights of Third Parties) Act 2001 of Singapore.

NOTICE OF EXTRAORDINARY GENERAL MEETING

SANLI ENVIRONMENTAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 201705316M)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of Sanli Environmental Limited (the “**Company**”) will be held at 28 Kian Teck Drive, Singapore 628845 on 28 July 2023 at 11.00 a.m. (or immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day) for the purpose of considering and, if thought fit, passing with or without any modifications the following resolution:

*All capitalised terms herein shall bear the meanings ascribed to them in the circular to shareholders of the Company dated 13 July 2023 (the “**Circular**”), unless otherwise defined herein.*

ORDINARY RESOLUTION

PROPOSED ADOPTION OF THE SANLI PERFORMANCE SHARE PLAN 2023

That:

- (a) a new performance share plan to be known as the “Sanli Performance Share Plan 2023” (the “**Plan**”), the details and rules of which are set out in the Appendix to the Circular, under which awards (the “**Awards**”) of fully-paid ordinary shares in the capital of the Company (“**Shares**”) in the form of existing Shares held as treasury shares and/or new Shares, will be delivered free of charge, to selected employees of the Company and its subsidiaries and other selected participants, be and is hereby approved and adopted;
- (b) the Directors of the Company be and are hereby authorised to establish and administer the Plan and to modify, amend and/or supplement the Plan from time to time, provided that such modification, amendment and/or supplement is effected in accordance with the provisions of the Plan, and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Plan;
- (c) the Directors of the Company be and are hereby authorised to grant Awards in accordance with the provisions of the Plan and to deliver from time to time such number of fully-paid Shares, by transferring existing Shares held as treasury Shares and/or allotting and issuing new Shares, as may be required to be delivered pursuant to the vesting of the Awards under the Plan, provided that the aggregate number of Shares delivered under the Plan, when added to the number of Shares issued and issuable in respect of all Awards granted under the Plan and all other Shares issued and issuable under any other share-based incentive schemes of the Company for the time being in force, shall not exceed 15% of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) from time to time; and
- (d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and authorised by this resolution.

By Order of the Board

Ng Lip Chi, Lawrence
Non-Executive Chairman and Independent Director
13 July 2023

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Members of the Company are invited to attend the EGM in person. There will be no option for members to participate by electronic means. The Circular (including this Notice of EGM and Proxy Form) has been made available on SGXNet and on the Company's website at <https://www.sanli.com.sg>. Printed copies of this Notice of EGM and Proxy Form will also be sent to members by post.
2. Unless otherwise permitted under the Companies Act 1967 of Singapore (the "**Companies Act**"), a member of the Company entitled to attend, speak and vote at the EGM may appoint not more than two proxies to attend, speak and vote in his stead. A proxy need not be a member of the Company.
3. A member who is a relevant intermediary (as defined in Section 181 of the Companies Act) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.
4. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy in the Proxy Form.
5. If the member is a corporation, the Proxy Form must be executed under its common seal or signed by its duly authorised officer or attorney.
6. The duly completed and executed Proxy Form must be submitted:
 - (a) personally or by post to the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
 - (b) by electronic mail to srs.teamc@boardroomlimited.com,in either case, to be received not less than 72 hours before the time appointed for holding the EGM, failing which the Proxy Form will be treated as invalid.
7. In addition to asking questions during the EGM proceedings, members can also submit questions relating to the resolution to be tabled for approval at the EGM in the following manner:
 - (a) by post to the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
 - (b) by electronic mail to srs.teamc@boardroomlimited.com,in either case, so that they are received no later than **5.00 p.m. on 20 July 2023**.

When the questions are submitted, the member's full name, email address and manner in which shares are held must be included for verification purposes, failing which the submission will be treated as invalid. The Company will address substantial and relevant questions relating to the resolution to be tabled for approval at the EGM at least 48 hours prior to the closing date and time for the lodgement of the Proxy Form. The Company will publish the response to the questions on SGXNet and the Company's website.
8. Investors who hold shares under the Supplementary Retirement Scheme ("**SRS**") and who wish to vote, should approach their SRS Operators to submit their votes at least seven working days before the date of the EGM.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), and (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or

NOTICE OF EXTRAORDINARY GENERAL MEETING

representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

*This notice has been reviewed by the Company's sponsor ("**Sponsor**"), SAC Capital Private Limited. This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made, or reports contained in this notice. The contact person for the Sponsor is Mr David Yeong (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.*

PROXY FORM

SANLI ENVIRONMENTAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 201705316M)

EXTRAORDINARY GENERAL MEETING PROXY FORM

IMPORTANT:

- Members can access the Notice of Extraordinary General Meeting ("EGM") and this Proxy Form via electronic means on SGXNet and on the Company's website at <https://www.sanli.com.sg>. Printed copies of the Notice of EGM and this Proxy Form have also been sent to members by post.
- For investors who have used their CPF/SRS monies to buy shares in the capital of Sanli Environmental Limited, this Proxy Form is not valid for use and shall be ineffective for all intent and purposes if used or purported to be used by them. CPF/SRS investors who wish to appoint the Chairman of the Meeting as their proxy should contact their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 18 July 2023.
- By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 13 July 2023.

I/We _____ (Name)

(NRIC/Passport/Company Registration No. _____)

of _____ (Address)

being a member/members of Sanli Environmental Limited (the "Company"), hereby appoint:

Name	Address	NRIC / Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC / Passport Number	Proportion of Shareholdings (%)

or failing the person or both of the persons above, the Chairman of the Meeting my/our proxy/ proxies to vote for me/us on my/our behalf at the EGM of the Company to be held at 28 Kian Teck Drive, Singapore 628845 on 28 July 2023 at 11.00 a.m. (or immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day) and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolution to be proposed at the EGM or to abstain from voting, as indicated hereunder. If no specific directions as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the EGM and at any adjournment thereof, except that where the Chairman of the Meeting is appointed as proxy and no specific directions as to voting is given in respect of the resolution, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

Unless otherwise defined, all capitalised terms herein shall bear the same meaning as used in the circular to shareholders dated 13 July 2023 issued by the Company.

The resolution put to vote at the EGM shall be decided by poll.

	No. of Votes For	No. of Votes Against	No. of Votes Abstaining
Ordinary Resolution To approve the adoption of the Sanli Performance Share Plan 2023			

If you wish to exercise all your votes "For" or "Against" the resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise some and not all of your votes "For" and "Against" the resolution and/or if you wish to abstain from voting in respect of the resolution, please indicate the number of votes "For", the number "Against" and/or the number "Abstaining" in the boxes provided for the resolution.

Signed this _____ day of _____ 2023

Total Number of Shares:	
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Signature(s) of Member(s) / Corporation's Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

PROXY FORM

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register, you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this Proxy Form will be deemed to relate to all the shares held by you.
2. Unless otherwise permitted under the Companies Act 1967 of Singapore (the “**Companies Act**”), a member of the Company entitled to attend and vote at the EGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. A member who is a relevant intermediary (as defined in Section 181 of the Companies Act) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.
4. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this Proxy Form.
5. This Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where this Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of a duly authorised officer or attorney.
6. Where this Proxy Form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this Proxy Form, failing which this Proxy Form shall be treated as invalid.
7. This Proxy Form duly completed and executed must be submitted:
 - (i) personally or by post to the office of the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
 - (ii) by electronic mail to srs.teamc@boardroomlimited.com,in either case, to be received not less than 72 hours before the time appointed for the holding of the EGM, failing which the Proxy Form will be treated as invalid. Members are strongly encouraged to submit completed Proxy Forms via electronic mail.
8. Completion and return of this Proxy Form by a member will not prevent him/her from attending, speaking and voting at the EGM if he/she so wishes. The appointment of the proxy(ies) for the EGM will be deemed to be revoked if the member attends the EGM in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the relevant Proxy Form to the EGM.
9. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointer, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the Meeting as a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM.