



**SIIC ENVIRONMENT HOLDINGS LTD.**  
(Company Registration No. 200210042R)  
(Incorporated in Singapore)  
(the “**Company**”)

## **MINUTES OF ANNUAL GENERAL MEETING**

**PLACE** : "Live" webcast  
**DATE** : Monday, 29 June 2020  
**TIME** : 10:00 a.m.  
**PRESENT** : Please see attendance list.  
**IN ATTENDANCE** : Please see attendance list.  
**CHAIRMAN** : Mr. Zhou Jun

### **QUORUM**

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

### **INTRODUCTION**

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

### **NOTICE**

With the consent of the AGM, the Notice convening the AGM was taken as read.

### **VOTING BY POLL**

The Chairman informed the meeting that RHT Corporate Advisory Pte. Ltd. (“**Singapore Share Registrar**”) and Computershare Hong Kong Investor Services Limited (“**Hong Kong Share Registrar**”) have been appointed as the Singapore and Hong Kong Polling Agent respectively and BDO Corporate Services Pte. Ltd. as the Scrutineer (“**Scrutineer**”).

The Chairman briefed that in view of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 issued by Minister of Law on 13 April 2020, Singapore Shareholders will not be able to vote online at the live webcast of the AGM. Instead, Singapore Shareholders that wish to exercise their votes must submit a proxy form to appoint the Chairman of the AGM to vote on their behalf.

The Chairman informed that all resolutions to be tabled at the AGM would be voted upon by way of poll as required under the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and the Rules (the “**Hong Kong Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**SEHK**”) and subsequent regulatory announcements published by the Singapore Exchange Regulation and relevant authorities. All the motions had been duly voted by the Singapore Shareholders through the submissions of the Proxy Forms to the Singapore Share Registrar and the Scrutineer has verified the counting of all votes casted through the Proxy Forms. For voting from Hong Kong Shareholders, the Scrutineer would tabulate the voting results according to the voting papers submitted by Hong Kong Share Registrar. Proxy forms lodged have been checked and found to be in order.

### **SUBMISSION OF QUESTIONS FOR THE AGM**

The Chairman informed that based on the information provided in the Notice of the AGM and the accompanying announcement dated 27 May 2020, Singapore Shareholders will not be able to ask questions at the live webcast of the AGM. The Company has received the question from Singapore Shareholders and Securities Investors Association (Singapore) relating to the resolutions to be tabled for approval at the AGM, the Company’s businesses and operations and published its responses via SGXNet and HKEX on 26 June 2020. A copy of the response is annexed hereto as **Appendix 1**.

### **ORDINARY BUSINESSSES:**

#### **1. AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 – RESOLUTION 1**

The meeting proceeded to receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2019 together with the Auditors’ Report thereon.

The voting results of the poll was as follows:

	Total Votes	Percentage of Total Votes (%)
For	1,914,111,352	99.999
Against	20,000	0.001
Abstained	0	0

Based on the above result, the Chairman declared the motion carried and it was **RESOLVED:**

“That the Directors’ Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2019 together with the Auditors’ Report there on be and are hereby received and adopted.”

**2. FINAL DIVIDEND OF 1.0 SINGAPORE CENT PER SHARE TAX EXEMPT (ONE-TIER) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 – RESOLUTION 2**

The Board of Directors has recommended a final dividend of 1.0 Singapore cent per share tax exempt (one-tier) for the financial year ended 31 December 2019.

The voting results of the poll was as follows:

	Total Votes	Percentage of Total Votes (%)
For	1,914,847,552	100.000
Against	0	0.000
Abstained	0	0

Based on the above result, the Chairman declared the motion carried and it was **RESOLVED**:

“That the declaration of a final dividend of 1.0 Singapore cent per share tax exempt (one-tier) for the financial year ended 31 December 2019 be and is hereby approved.”

**3. DIRECTORS’ FEES FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2020 – RESOLUTION 3**

The Board of Directors has recommended Directors’ fees amounting to S\$800,000 for the financial year ending 31 December 2020.

The voting results of the poll was as follows:

	Total Votes	Percentage of Total Votes (%)
For	1,912,173,576	99.999
Against	20,000	0.001
Abstained	0	0

Based on the above result, the Chairman declared the motion carried and it was **RESOLVED**:

“That the payment Directors’ fees amounting to S\$800,000 for the financial year ending 31 December 2020 be approved for payment.”

**4. RE-ELECTION OF MR. ZHOU JUN AS A DIRECTOR OF THE COMPANY – RESOLUTION 4**

As Resolution 4 deals with Mr. Zhou Jun, who was retiring as a Director of the Company in accordance with Regulation 91 of the Company’s Constitution, he had requested Mr. Xu Xiaobing to read the proceedings of this item on his behalf and had signified his consent to continue in office of the Director.

The voting results of the poll was as follows:

	Total Votes	Percentage of Total Votes (%)
For	1,880,392,826	98.201
Against	34,454,726	1.799
Abstained	0	0

Based on the above result, the Chairman declared the motion carried and it was **RESOLVED**:

“That Mr. Zhou Jun be and is hereby re-elected as a Non-Executive Director of the Company.”

Mr. Zhou Jun, who was re-elected as a Director of the Company at the AGM, remain as the Non-Executive Director and the Chairman of the Board and a member of the Remuneration Committee of the Company.

**5. RE-ELECTION OF MR. FENG JUN AS A DIRECTOR OF THE COMPANY – RESOLUTION 5**

Mr. Feng Jun, who was retiring as a Director of the Company in accordance with Regulation 91 of the Company’s Constitution, had signified his consent to continue in office of the Director.

The voting results of the poll was as follows:

	Total Votes	Percentage of Total Votes (%)
For	1,899,019,307	99.173
Against	15,828,245	0.827
Abstained	0	0

Based on the above result, the Chairman declared the motion carried and it was **RESOLVED**:

“That Mr. Feng Jun be and is hereby re-elected as an Executive Director of the Company.”

Mr. Feng Jun, who was re-elected as a Director of the Company at the AGM, remain as an Executive Director of the Company, the chairman of the Risk and Investment Management Committee of the Company (the "**Risk and Investment Management Committee**") and a member of the executive committee of the Company (the "**Executive Committee**").

**6. RE-ELECTION OF MR. HUANG HANGUANG AS A DIRECTOR OF THE COMPANY – RESOLUTION 6**

Mr. Huang Hanguang, who was retiring as a Director of the Company in accordance with Regulation 97 of the Company’s Constitution, had signified his consent to continue in office of the Director.

The voting results of the poll was as follows:

	Total Votes	Percentage of Total Votes (%)
For	1,890,133,131	98.838
Against	22,214,045	1.162
Abstained	0	0

Based on the above result, the Chairman declared the motion carried and it was **RESOLVED**:

“That Mr. Huang Hanguang be and is hereby re-elected as an Executive Director of the Company.”

Mr. Huang Hanguang, who was re-elected as a Director of the Company at the AGM, remain as an Executive Director of the Company and a member of the Executive Committee.

**7. RE-ELECTION OF MR. ZHAO YOUMIN AS A DIRECTOR OF THE COMPANY – RESOLUTION 7**

Mr. Zhao Youmin, who was retiring as a Director of the Company in accordance with Regulation 97 of the Company’s Constitution, had signified his consent to continue in office of the Director.

The voting results of the poll was as follows:

	Total Votes	Percentage of Total Votes (%)
For	1,899,045,069	99.175
Against	15,802,483	0.825
Abstained	0	0

Based on the above result, the Chairman declared the motion carried and it was **RESOLVED:**

“That Mr. Zhao Youmin be and is hereby re-elected as an Executive Director of the Company.”

Mr. Zhao Youmin, who was re-elected as a Director of the Company at the AGM, remain as an Executive Director of the Company.

**8. RE-ELECTION OF MR. YANG JIANWEI AS A DIRECTOR OF THE COMPANY – RESOLUTION 8**

Mr. Yang Jianwei, who was retiring as a Director of the Company in accordance with Regulation 97 of the Company’s Constitution, had signified his consent to continue in office of the Director.

The voting results of the poll was as follows:

	Total Votes	Percentage of Total Votes (%)
For	1,877,267,065	98.037
Against	37,580,496	1.963
Abstained	0	0

Based on the above result, the Chairman declared the motion carried and it was **RESOLVED:**

“That Mr. Yang Jianwei be and is hereby re-elected as an Executive Director of the Company.”

Mr. Yang Jianwei, who was re-elected as a Director of the Company at the AGM, remain as an Executive Director of the Company, a member of the Risk and Investment Management Committee of the Company and a member of the Executive Committee.

**9. RE-APPOINTMENT OF AUDITORS AND TO AUTHORISE THE DIRECTORS OF THE COMPANY TO FIX THEIR REMUNERATION – RESOLUTION 9**

The retiring auditors, Messrs Deloitte & Touche LLP, had expressed their willingness to continue in office and to authorise the Board of Directors of the Company to fix their remuneration.

The voting results of the poll was as follows:

	Total Votes	Percentage of Total Votes (%)
For	1,914,213,540	99.967
Against	634,012	0.033
Abstained	0	0

Based on the above result, the Chairman declared the motion carried and it was **RESOLVED**:

“That Messrs Deloitte & Touche LLP, who have expressed their willingness to continue in office, be and are hereby re-appointed as Auditors until the conclusion of the next Annual General Meeting at a fee to be agreed between the Directors and Messrs Deloitte & Touche LLP be approved.”

**ANY OTHER BUSINESS**

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

**SPECIAL BUSINESSES:**

**10. GENERAL MANDATE – RESOLUTION 10**

The voting results of the poll was as follows:

	Total Votes	Percentage of Total Votes (%)
For	1,546,568,697	80.767
Against	368,278,855	19.233
Abstained	0	0

Based on the above result, the Chairman declared the motion carried and it was **RESOLVED**:

“That pursuant to Section 161 of the Companies Act, Chapter 50, Rule 806 of the Listing Manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and the Rules (“**Hong Kong Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**SEHK**”), the Directors of the Company (“**Directors**”) be authorised and empowered to:

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

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

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

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

provided that:

- (1) the aggregate number of Shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

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

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

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

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST and the Hong Kong Listing Rules for the time being in force (unless such compliance has been waived by the SGX-ST and the SEHK) and the Constitution of the Company; and

- (4) unless revoked or varied by the Shareholders in a general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.”

#### 11. RENEWAL OF SHARE PURCHASE MANDATE – RESOLUTION 11

The voting results of the poll was as follows:

	Total Votes	Percentage of Total Votes (%)
For	639,738,289	98.999
Against	6,469,737	1.001
Abstained	1,268,485,926	0

Based on the above result, the Chairman declared the motion carried and it was **RESOLVED:**

“That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of the Laws of Singapore, the exercise by the Directors of all the powers of the Company to purchase, or otherwise acquire, issued Shares of the Company not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors, from time to time, up to the Maximum Price (as hereinafter defined), whether by way of:
- (i) off-market purchases (each an “**Off-Market Share Purchase**”) effected pursuant to an equal access scheme (as defined in Section 76C of the Companies Act, as modified, supplemented or amended from time to time); and/or
  - (ii) on-market purchases (each an “**On-Market Share Purchase**”) on the SGX-ST and/or the SEHK, through the ready markets, through one or more duly licensed stock brokers appointed by the Company for such purpose,
- and otherwise in accordance with all other laws and regulations and rules of the SGX-ST, the Singapore Code on Take-overs and Mergers, the Hong Kong Listing Rules, the Code on Share Buybacks of Hong Kong, and the Code on Takeovers and Mergers of Hong Kong, as may for the time being, be applicable, be and is hereby authorised and approved generally and unconditionally (“**Share Purchase Mandate**”).
- (b) The purchase of Shares by the Company under the Share Purchase Mandate may be made, at any time and from time to time, on and from the date of the passing of this resolution, up to the earlier of:–
- (i) the conclusion of the next AGM or the date by which such AGM is required by law or the Constitution to be held; or
  - (ii) the date on which Share Purchases pursuant to the Share Purchase Mandate is carried out to the full extent mandated; or
  - (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by Shareholders in a general meeting.



(c) For the purpose of this resolution:

“**Prescribed Limited**” means ten per centum (10%) of the issued share capital of the Company as at the date of the passing of this resolution; and

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

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

where:

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

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

## 12. AUTHORITY TO ISSUE SHARES UNDER THE SIIC ENVIRONMENT SHARE OPTION SCHEME 2012 (THE “SHARE OPTION SCHEME”) – RESOLUTION 12

The voting results of the poll was as follows:

	Total Votes	Percentage of Total Votes (%)
For	252,037,510	39.174
Against	391,340,040	60.826
Abstained	1,271,470,002	0

Based on the above result, the Chairman declared the motion for the following resolution was not carried:

“That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of share options granted by the Company under the Share Option Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Share Option Scheme shall not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time, or such applicable limits so long as the Company remains a subsidiary of Shanghai Industrial Holdings Limited (“**SIHL**”) or the Shares remain listed on the SEHK, and that such authority shall, unless revoked

or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.”

**13. AUTHORITY TO ISSUE SHARES UNDER THE SIIC ENVIRONMENT SHARE AWARD SCHEME (THE “SHARE AWARD SCHEME”) – RESOLUTION 13**

The voting results of the poll was as follows:

	Total Votes	Percentage of Total Votes (%)
For	252,031,510	39.173
Against	391,346,040	60.827
Abstained	1,271,470,002	0

Based on the above result, the Chairman declared the motion for the following resolution was not carried:

“That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of share awards under the Share Award Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Share Award Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.”

**CONCLUSION**

There being no other business to transact, the Chairman declared the AGM closed at 11:22 a.m. and thanked everyone for their attendance.

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

**MR. ZHOU JUN  
CHAIRMAN**

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## **SIIC ENVIRONMENT HOLDINGS LTD.**

### **上海實業環境控股有限公司\***

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

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

**(Singapore stock code: BHK)**

#### **RESPONSES TO QUESTIONS RECEIVED FROM SHAREHOLDERS AND SECURITIES INVESTORS ASSOCIATION (SINGAPORE) FOR THE 29 JUNE 2020 ANNUAL GENERAL MEETING**

The Board of Directors of SIIC ENVIRONMENT HOLDINGS LTD. (“**SIIC Environment**” or the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the publishing of its annual general meeting related documents on the SGXNET and SEHK on 26 May 2020 and 27 May 2020. As at 10.00 a.m. on 25 June 2020, the Company has received the following questions from shareholders and Securities Investors Association (Singapore) (“**SIAS**”). The Company wishes to provide its responses as below:

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

##### **Question 1:**

Provide an update on the current business status, and the outlook of the company, including any extra-ordinary measures, in view of COVID-19?

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

Since the outbreak occurred, the Group instantly established a disease prevention and control command center. Business units and project companies assembled multi-level disease prevention and control mechanism. These actions aimed to control and guarantee all projects’ operation remain normal and steady, providing citizens with safe water supply and treating wastewater under national standards.

With the outbreak under control in April, all provinces and cities in China have gradually opened up. Construction of projects that was lagging behind due to the epidemic is now carrying out smoothly in accordance with the agreed timeline.

Based on the available information to date, the Group considered that is not expected to have any

material impact on the FY2020 result of the Company. The Group will also continue to monitor the ongoing situation and assess the impact of the outbreak on the Group's operations in the immediate future.

In response to the COVID-19, we have equipped our employees with protective equipment such as masks, sanitizer, protective clothing, and goggles. Through reasonable deployment of operating personnel, closed production and operation management, and the transfer of employees to and from work by dedicated vehicles, we have effectively reduced the risk of cross-contamination. Other measures including strict body temperature measurements for personnel entering the factory area, reducing nonessential on-site work shifts, cleaning and disinfecting production areas and public areas at regular intervals every day have also been adopted.

**Question 2:**

Does the company have a fixed dividend policy?

**Response to Question 2:**

Although the Group does not have a fixed dividend policy, but the Group has been consecutively declaring dividend in the past three years and will make necessary arrangements depending on the situation.

**Question 3:**

The group had invested RMB 3.3millions in quoted equity shares.

- (i) Are these shares in the water industry?
- (ii) Where are they listed on?
- (iii) Any plan to hold on for long term or will dispose them off when there is a good price?

**Response to Question 3:**

- (i) The quoted equity, Giti Tire Corporation is not in the water industry.
- (ii) It is listed on Shanghai Stock Exchange, Stock Code: 600182.
- (iii) The investment is managed under Longjiang Environmental Protection Group Co., Ltd. and belongs to a short-term investment instrument and the Group will dispose them off when there is an opportunity arose.

**Question 4:**

The group interest in associates have been loss making so far.

Any plan from the management look into selling off the stake? If not, will the management look to turn the business around?

**Response to Question 4:**

The management has been continuously monitoring and evaluating the performance of the Group's respective associates and will be making the necessary arrangements either through selling off the stake or polishing management.

**Question 5:**

Gearing ratio of the group stands at 1.01.

- (i) Will the group look into reducing the gearing ratio moving forward?
- (ii) Does the group have a ratio that they are comfortable with?

**Response to Question 5:**

Management has been committed to controlling and improving the Group's leverage ratio and will maintain a relatively reasonable and healthy leverage ratio in accordance with the Group's development strategy.

**Section B - Questions from SIAS:****Question 6:**

As noted in the Corporate Profile, the group is an active investor and operator in the environmental protection industry, with an operating history of more than 15 years in China. It currently has an overall portfolio of more than 200 water treatment and supply projects, 8 waste incineration projects and 10 sludge treatment projects across 19 municipalities and provinces in China, namely Shandong, Guangdong, Hubei, Hunan, Jiangsu, Shanghai, Zhejiang, Jiangxi, Anhui, Fujian, Guangxi, Ningxia, Henan, Liaoning, Inner Mongolia, Shanxi, Sichuan, Jilin and Heilongjiang.

The 200+ water treatment and supply projects account for a total capacity of nearly 12 million tonnes/day.

In 2019, the group acquired 8 new concessionary and O&M projects, together with 5 wastewater treatment plant expansion and upgrading projects amounting to a total capacity of 720,000 tonnes/day.

- (i) How does the group acquire new concessionary and O&M projects?
- (ii) For the benefit of new shareholders, can management help shareholders understand the typical development time frame for a new wastewater treatment plant?

As noted in the chairman's statement, the group's average wastewater treatment tariff rose from RMB1.11/tonne to RMB1.28/tonne, with a year-over-year increase of 15%.

- (iii) What are the main factors affecting the pace of upgrades for the existing wastewater treatment projects?

The group has 5 business units, namely Central (Wuhan Business Unit), South (Nanfang Business Unit), North (Weifang Business Unit), Northeast (Longjiang Business Unit) and East (Fudan Business Unit), managing more than 200 water treatment and supply projects.

- (iv) How does management ensure that water quality/discharge of all the projects meet the water quality standards?

### Response to Question 6:

- (i) As our customers are usually governments, in general we will need to acquire new projects via a public tender or competitive negotiation except those upgrading or expansion projects for some of our existing projects.
- (ii) The typical development time frame for a new wastewater treatment plant is about 1 to 2 years according to the size and water quality standards of the plant.
- (iii) The Action Plan for Water Pollution Prevention and Control issued by the State Council of China has emphasized that existing wastewater treatment facilities should be modified or upgraded according to local situations and needs to higher discharge standards by the end of 2020. Given stricter environmental requirements and robust Governmental initiatives of improving treated discharge standards, the Group is getting orders from local governments to upgrade wastewater treatment facilities with new tariffs and new commercial terms. Upgrading of existing wastewater treatment infrastructure has been remaining a key business focus of the Group for the past few years. As result of gradual completion of upgrading work, the group's average wastewater treatment tariff has been risen accordingly.
- (iv) Several ways to ensure the discharge water or water quality of each projects meet the standard such as:  
Strict internal quality control - undergo sampling and testing of water quality at each treatment stage daily  
Supervision from third party – relevant government departments will go through testing and verifying the quality of the discharge wastewater or treated water at our plant frequently.

### Question 7:

In the waste incineration business, the group achieved a major milestone with the award of a new waste incineration power generation project known as the Shanghai Baoshan Renewable Energy Utilization Center Project (“**Baoshan Project**”), along with partners Baowu Environment and Canvest Environmental Protection. The group will build up the 3,800 tonnes/day project as a national and global benchmarking project of community environmental services.

As a pilot city for waste sorting in China, Shanghai implemented the Shanghai Domestic Waste Management Regulations in July 2019. The project is expected to become the first innocuous domestic waste treatment facility to be built after the implementation of mandatory waste sorting practices in Shanghai.

The total investment of the project is expected to be approximately RMB3.041 billion.

- (i) What is the expected contribution in terms of technology, know-how, capital and human resources by the group and by the two partners?

- (ii) When will the new project be operational?

Currently, across the group's 8 waste incineration projects, the total capacity is 8,800 tonnes/day.

- (iii) Will the group be strategically growing its portfolio of waste incineration/waste-to-energy assets?

#### **Response to Question 7:**

- (i) Three Parties will utilize our respective strengths such as capital management, team building, researching and developing advanced technology, and project management experience to actively participate in the Baoshan Project. The Group determined to build a national benchmark and expected to be superior to current environmental standard of waste incineration project.
- (ii) The new project is expected to commence operation in the first half of 2022.
- (iii) Yes, the Group will be continuing to grow its portfolio of waste incineration assets.

#### **Question 8:**

As disclosed in Note 12 of the Directors' statement, the group has a gearing ratio of 1.01x as at 31 December 2019. Gearing ratio equals net debt as a percentage of total equity as of the end of the period. Net debt includes bank and other borrowings and lease liabilities/finance lease less cash and cash equivalents.

- (i) Has the board set a limit to the group's gearing ratio?

The group has total borrowings of RMB14.4 billion. As seen in Note 34 (page 234 – Bank and other borrowings), bank loans amounted to RMB12.36 billion. Variable-rate borrowings of the group totalled RMB11.32 billion. The interest rates for the group's floating rate borrowings are between 0.80% to 8.78% in 2019, up from 0.80% to 5.65% in 2018.

- (ii) Has the board/management evaluated other sources of funding, such as medium term notes, corporate bonds, to diversify its sources of funding and to lower its cost?

#### **Response to Question 8:**

- (i) The board has been closely monitoring the Group's gearing ratio. Since the Group is still under development stage and the industry which the Group operating belongs to the capital intensive industry, the board has not set a limit to the Group's gearing ratio.
- (ii) The board has been evaluating diverse sources of funding to reduce finance cost.

By Order of the Board  
**SIIC Environment Holdings Ltd.**  
**Mr. Xu Xiaobing**  
*Executive Director*

Hong Kong and Singapore, 26 June 2020

*As at the date of this announcement, the non-executive Chairman is Mr. Zhou Jun; the executive Directors are Mr. Feng Jun, Mr. Xu Xiaobing, Mr. Yang Jianwei, Mr. Huang Hanguang and Mr. Zhao Youmin; and the independent non-executive Directors are Mr. Yeo Guat Kwang, Mr. An Hongjun and Mr. Zhong Ming.*

*\* For identification purpose only*