

SANLI ENVIRONMENTAL LIMITED

(the "Company")

(Company Reg. No: 201705316M)

(Incorporated in the Republic of Singapore)

MINUTES OF THE ANNUAL GENERAL MEETING

PLACE	:	22 Chin Bee Drive, Singapore 619870
DATE	:	Wednesday, 31 July 2024
TIME	:	10.00 a.m.
Shareholders	-	As per attendance list
Proxies	-	As per attendance list
In-Attendance	-	As per attendance list

CHAIRMAN

Mr Ng Lip Chi, Lawrence presided as Chairman of the Annual General Meeting ("Meeting").

QUORUM

As a quorum was present, the Chairman declared the Meeting open at 10.00 a.m. and introduced the members of the Board who were present, to the shareholders.

NOTICE OF MEETING

The Notice convening the Meeting having been in the hands of the Shareholders for the requisite period was, with the concurrence of the Meeting, taken as read.

POLL VOTING

The Chairman informed the Meeting that all the resolutions put forward before the Meeting would be voted upon by way of a poll.

The Chairman further informed that Boardroom Corporate & Advisory Services Pte. Ltd. and Reliance 3P Advisory Pte Ltd had been appointed as Polling Agent and Scrutineer respectively for the Meeting. It was noted that electronic wireless handheld devices had been provided to the Shareholders and Proxies at the point of their registration.

A video presentation in relation to the procedures for the conduct of voting by poll for all the resolutions tabled at the Meeting using the handheld devices was shown.

The Chairman informed the Shareholders present at the Meeting that he had been appointed as a proxy by certain Shareholders to vote on their behalf, in accordance with their instructions stated in their respective proxy forms.

The Chairman informed that the Company had not received any questions from Shareholders prior to the Meeting.

ORDINARY BUSINESS:

All questions from Shareholders and responses from the Directors and Management are set out in Appendix “A” annexed to these Minutes.

RESOLUTION 1 – DIRECTORS’ STATEMENT AND AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED 31 MARCH 2024 TOGETHER WITH THE INDEPENDENT AUDITORS’ REPORT THEREON

The following motion was duly proposed by Wu Wen Xin (Shareholder) and seconded by Wong Yik Phui (Shareholder):

“That the Audited Financial Statements for the financial year ended 31 March 2024, the Directors’ Statement and the Auditors’ Report contained therein be and are hereby received and adopted.”

The Chairman invited questions from the Meeting.

After answering the questions from the Shareholders, the motion was put to vote by poll via electronic manner. 168,377,834 ordinary shares representing 100% voted ‘For’ the Resolution. The Chairman declared Resolution 1 carried.

RESOLUTION 2 – FINAL TAX-EXEMPT (ONE-TIER) DIVIDEND

The following motion was duly proposed by Lai Siao Shan (Shareholder) and seconded by Chua Chwee Tian, Andrew (Shareholder):

“That the declaration of a final tax-exempt (one-tier) dividend of 0.327 Singapore cents per ordinary share in the capital of the Company for the financial year ended 31 March 2024 be and is hereby approved.”

The Chairman invited questions from the Meeting.

After answering the questions from the Shareholders, the motion was put to vote by poll via electronic manner. 168,377,834 ordinary shares representing 100% voted ‘For’ the Resolution. The Chairman declared Resolution 2 carried.

RESOLUTION 3 – DIRECTORS’ FEES FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

The following motion was duly proposed by Li Shiyong (Shareholder) and seconded by Sai Wi (Shareholder):

“That the Directors’ fees of S\$138,000 for the financial year ended 31 March 2024 be and are hereby approved.”

The Chairman invited questions from the Meeting.

After answering the questions from the Shareholders, the motion was put to vote by poll via electronic manner. 168,124,334 ordinary shares representing 99.91% voted ‘For’ the Resolution. The Chairman declared Resolution 3 carried.

RESOLUTION 4 - RE-ELECTION OF MR KEW BOON KEE

Resolution 4 dealt with the re-election of Mr Kew Boon Kee. The Chairman informed the Meeting that in accordance with Regulation 108 of the Company’s Constitution, Mr Kew Boon Kee was due to retire as Director at the Meeting and being eligible for re-election, had offered himself for re-election.

The following motion was duly proposed by Chim Kok Yong (Shareholder) and seconded by Wu Wen Xin (Shareholder):

“That Mr Kew Boon Kee be and is hereby re-elected as a Director of the Company.”

The Chairman invited questions from the Meeting.

After answering the questions from the Shareholder, the motion was put to vote by poll via electronic manner. 146,310,859 ordinary shares representing 100% voted ‘For’ the Resolution. The Chairman declared Resolution 4 carried.

RESOLUTION 5 - RE-ELECTION OF MR LEE TIEN CHIAT

Resolution 5 dealt with the re-election of Mr Lee Tien Chiat. The Chairman informed the Meeting that in accordance with Regulation 108 of the Company’s Constitution, Mr Lee Tien Chiat was due to retire as a Director at the Meeting and being eligible for re-election, had offered himself for re-election.

The following motion was duly proposed by Wong Yoke Peng (Shareholder) and seconded by Li Shiyong (Shareholder):

“That Mr Lee Tien Chiat be and is hereby re-elected as a Director of the Company.”

The Chairman invited questions from the Meeting.

There was no question raised and the motion was put to vote by poll via electronic manner. 154,945,159 ordinary shares representing 100% voted ‘For’ the Resolution. The Chairman declared Resolution 5 carried.

RESOLUTION 6 – REAPPOINTMENT OF AUDITORS

The Chairman informed the Meeting that Deloitte & Touche LLP has confirmed their willingness to accept re-appointment as Auditors of the Company.

Wong Yik Phui (Shareholder) proposed and Lai Siao Shan (Shareholder) seconded the following motion:

“That Deloitte & Touche LLP, who has consented to their re-appointment as Auditors of the Company, be and are hereby re-appointed, and the Directors be and are hereby authorised to fix their remuneration.”

The Chairman invited questions from the Meeting.

After answering the questions from the Shareholder, the motion was put to vote by poll via electronic manner. 168,177,834 ordinary shares representing 99.88% voted ‘For’ the Resolution. The Chairman declared Resolution 6 carried.

SPECIAL BUSINESS:

RESOLUTION 7 - AUTHORITY TO ALLOT AND ISSUE SHARES & CONVERTIBLE SECURITIES

The following motion was duly proposed by Sai Wi (Shareholder) and seconded by Chim Kok Yong (Shareholder):

“That pursuant to Section 161 of the Companies Act 1967 (the “Act”) and Rule 806 of the Listing Manual (Section B: Rules of Catalist) (“Catalist Rules”) of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Directors of the Company be authorised and empowered to:

- (a) (i) allot and issue shares in the capital of 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 or issue of (as well as adjustment to) options, warrants, debentures or other instruments convertible into Shares; and/or
- (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalization issues;

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 Instrument made or granted by the Directors of the Company while this Resolution was in force, provided always that:
 - (i) the aggregate number of Shares to be allotted and issued (including Shares to be issued pursuant to the Instruments made or granted) pursuant to this Resolution shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holding) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be allotted and issued (including Shares to be issued pursuant to the Instruments made or granted) other than on a pro-rata basis to the Shareholders of the Company shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holding) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);
 - (ii) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the percentage number of Shares that may be issued (including Shares to be issued pursuant to the Instruments made or granted) under sub-paragraph (i) above, the total number of issued Shares (excluding treasury shares and subsidiary holding) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holding) in the Company at the time of the passing of this Resolution, after adjusting for:
 - (aa) new Shares arising from the conversion or exercise of any convertible securities;
 - (bb) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (cc) any subsequent bonus issue, consolidation or subdivision of shares;Adjustments in accordance with sub-paragraphs (i) and (ii) above 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 this resolution;
- (c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and all applicable legal requirements under the Act and the Constitution of the Company for the time being; and
- (d) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

The Chairman invited questions from the Meeting.

After answering the questions from the Shareholder, the motion was put to vote by poll via electronic manner. 168,238,534 ordinary shares representing 99.92% voted 'For' the Resolution. The Chairman declared Resolution 7 carried.

RESOLUTION 8 - PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

The following motion was duly proposed by Chua Chwee Tian, Andrew (Shareholder) and seconded by Wong Yoke Peng (Shareholder):

"That:

- (a) for the purposes of the Companies Act 1967 of Singapore ("Companies Act"), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company ("Shares") not exceeding in aggregate the Maximum Limit (defined below), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (defined below), whether by way of:
- (i) on-market purchases ("On-Market Share Purchase(s)") transacted on the Singapore Exchange Securities Trading Limited ("SGX-ST") or, as the case may be, any other stock exchange on which Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
 - (ii) off-market purchases ("Off-Market Share Purchase(s)") transacted otherwise than on the SGX-ST, in accordance with an equal access scheme (as defined in Section 76C of the Companies Act);

and otherwise in accordance with all other laws and regulations, including but not limited to the rules of the SGX-ST, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("Share Buy-Back Mandate");

- (b) the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this resolution relating to the Share Buy-Back Mandate and expiring on the earliest of:
- (i) the date on which the next annual general meeting of the Company is held or is required by law to be held;
 - (ii) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by the shareholders of the Company in a general meeting; or
 - (iii) the date on which the purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate have been carried out to the full extent mandated,

- (c) in this resolution relating to the Share Buy-Back Mandate:

"Average Closing Price" means the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in the Shares were recorded, immediately preceding the day of the On-Market Share Purchase by the Company or, as the case may be, the Offer Date (defined below) pursuant to the Off-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5)-Market Day period and the day on which the On-Market Share Purchase is made or, as the case may be, the Offer Date;

"Market Day" means a day on which the SGX-ST is open for trading in securities;

“Maximum Limit” means that number of Shares representing 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the passing of this resolution relating to the Share Buy-Back Mandate, unless the Company has, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding any treasury shares and subsidiary holdings);

“Maximum Price” in relation to a Share to be purchased, means the purchase price (excluding applicable 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; and
- (ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price; and

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

“Relevant Period” means the period commencing from the date on which this resolution relating to the Share Buy-Back Mandate is passed and expiring on the earlier of the date of the next annual general meeting of the Company or the date by which such annual general meeting is required by law to be held;

- (d) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy-Back Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Companies Act; and
- (e) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing such documents as may be required and to approve any amendments, alterations or modifications to any documents) as they and/or he may consider desirable, expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution relating to the Share Buy-Back Mandate.”

The Chairman invited questions from the Meeting.

After answering the questions from the Shareholder, the motion was put to vote by poll via electronic manner. 168,377,834 ordinary shares representing 100% voted ‘For’ the Resolution. The Chairman declared Resolution 8 carried.

CLOSE OF MEETING

There being no further business to transact, the Chairman declared the Annual General Meeting of the Company closed at 11.37 a.m. and thanked everyone present for their attendance.

Signed as a true record of the proceedings

Mr Ng Lip Chi, Lawrence
Chairman

31 July 2024

SANLI ENVIRONMENTAL LIMITED

(the "Company" or "Sanli")
 (Company Reg. No: 201705316M)
 (Incorporated in the Republic of Singapore)

Questions & Answers – Annual General Meeting (“AGM”) held on 31 July 2024

Significant and Relevant Questions / Comments From Shareholders / Proxies / Corporate Representatives	Company’s Reply
ORDINARY RESOLUTION 1 – DIRECTORS’ STATEMENT AND AUDITED FINANCIAL STATEMENTS	
(a) A shareholder expressed concern about the Company’s high debt levels and asked the Board to explain how these borrowings are being utilised and what the strategy is for reducing the debt.	<p>Mr. Sim Hock Heng ("SHH"), the Chief Executive Officer and Executive Director of the Company, provided insights into the reasons behind the Company's increased borrowings. He noted that the higher borrowings were largely due to extended turnaround time for customer certifications and the necessity of advance payments to vendors, which are aligned with various project milestones. As the Company undertakes several large-scale projects, these additional funds have been critical for managing cash flow during this busy period. The burden of elevated borrowing costs has been compounded by the current high-interest rates.</p> <p>As the Group has expanded, there has been a corresponding increase in operations and headcount to support growth. This expansion not only includes entering into new business areas but also strengthening the Company’s core competencies. While these initiatives position the Group for future opportunities, they have also resulted in higher costs and increased borrowing.</p> <p>Despite these challenges, Management maintains that consolidating operations and continuing to diversify the business are essential strategies to mitigate future risks.</p> <p>Mr. Tan Thean Seang, Fredrik ("FT"), the Chief Financial Officer of the Company, echoed this sentiment, noting that the high-interest costs currently being experienced are primarily due to the prevailing high market interest rates. While the situation is unavoidable at the moment, there is an expectation of reduced finance costs in the coming year, should the interest rates decrease.</p> <p>Additionally, it was highlighted on page 76 of the Statements of Financial Position that Sanli possesses substantial project assets worth S\$62.0 million. These assets, while temporarily increasing borrowings, are also seen as a positive indicator of Sanli’s expanding business. Management expects these assets to be converted into cash flow as the projects progress and revenues are realised, further aiding in the management and reduction of debt.</p>

Significant and Relevant Questions / Comments From Shareholders / Proxies / Corporate Representatives	Company's Reply
<p>(b) A shareholder asked if Sanli has the resources and expertise to diversify into renewable energy and questioned if now is the right time given the Company's high debt levels.</p>	<p>SHH emphasised that Sanli has effectively built strong teams, showcasing the Company's dedication to employing top talents over reducing staff to cut costs. This strategy, although it increases expenses, reflects Sanli's commitment to excellence in its workforce.</p> <p>Despite facing challenges, the Group is well-prepared to capitalise on its core business areas. Reliable government contracts and significant opportunities in the water industry, amplified by the increasing population and climate change, position Sanli favorably in a competitive market. The Company is ready to take up numerous government projects, from Long Island to upgrading water treatment facilities.</p> <p>The move to diversify is partly due to changes in payment terms of some government projects that differ from industry norms, leading to the need for Sanli to find other avenues to better manage the working capital gap of such projects. Despite these challenges, Sanli's core business remains strong, backed by a highly capable team, with the Group fully committed to managing diversification effectively.</p> <p>Mr. Ng Lip Chi Lawrence, the Non-Executive Chairman and Independent Director of the Company, noted that historically, Sanli has been focused on water engineering up to its Initial Public Offering (IPO). The Board has regularly discussed diversification, encouraging Management to seek opportunities both within the core business and in related fields, viewing this not as a drastic change but as a prudent exploration of new opportunities.</p> <p>Sanli's 20-year track record, reinforced by the need for diversification after facing increased competition, supply chain disruption and reduced margin during the COVID pandemic, has led Management to pursue diversification strategies actively. Investment risks are managed by enhancing resources and forming joint ventures with partners who add domain expertise.</p> <p>Sanli regards this diversification as a critical step for growth and risk mitigation, ensuring that investments, are closely monitored to prevent any adverse impact on the core business or balance sheet.</p>
<p>(c) A shareholder asked about the total commitments of Sanli in sectors other than the water business.</p>	<p>FT shared that Sanli is actively investing S\$3.0 million in capital expenditures for projects in the slurry and solar sectors. This investment marks a strategic shift in the Company's focus, aiming to diversify operations beyond its traditional water business.</p> <p>In line with this new strategy, Management is increasingly targeting the private sector, gradually reducing its reliance on government contracts. To support this shift, the Group has established Enviro Plant & Engineering Pte. Ltd., a new entity dedicated to serving private clients, signaling a significant move towards diversification.</p> <p>Moreover, Zaison Energy Pte. Ltd., another newly formed subsidiary, is focusing on offering both EPC (Engineering, Procurement, and Construction) and O&M (Operations and Maintenance) services. This subsidiary is specifically targeting a</p>

Significant and Relevant Questions / Comments From Shareholders / Proxies / Corporate Representatives		Company's Reply
		<p>diverse clientele in the gasification sector, further diversifying Sanli's portfolio.</p> <p>In the solar sector, the Company is proceeding cautiously, allocating about S\$600,000 for capital expenditures. The Board has thoroughly assessed the potential risks associated with these investments to ensure they are in line with Sanli's long-term strategic goals. This careful approach underscores the Company's commitment to prudent expansion in new and potentially lucrative areas.</p>
(d)	A shareholder asked about the expected revenue from WSH360 Solutions Pte. Ltd.	<p>SHH explained that while it is too early to specify an exact revenue figure, management is optimistic about the growth potential of this new venture.</p> <p>The Company aims to strengthen its competitive edge by providing in-house safety training for employees and extending these enhanced safety solutions to business partners. This strategy, combined with Sanli's lower operating costs and the substantial revenue expected from safety offerings, positions Sanli advantageously in the market.</p>
(e)	A shareholder asked for an update on the progress of Mag Chemical Pte. Ltd.	<p>Mr Lee Tien Chiat, the Executive Director of the Company, provided insights into Sanli's strategic focus and the challenges it faces, particularly in the marine industry, which is identified as having the largest potential customer base for the Company.</p> <p>Current global events, including the conflict in Ukraine and crises in the Red Sea, have posed significant challenges, especially affecting shipping vessels. Despite these obstacles, Sanli is proactively engaged in intensive discussions with major ship owners. The Company's strategic initiative is to encourage these owners to transition their chemical loading operations to Singapore Port instead of their established European ports. This strategy is intended to optimise logistical efficiencies and enhance Sanli's competitive edge in the region.</p> <p>Furthermore, Sanli is also looking at the use of slurry products in the water industry. It will continue to work closely with the Public Utilities Board (PUB) on various projects concerning the use of slurry products in water and wastewater management. This diversification underscores Sanli's commitment to sustainability and environmental management.</p> <p>Looking ahead, the Group remains optimistic about its future prospects and aims to achieve improved results by FY2026, setting a positive trajectory for the coming years.</p>
(f)	A shareholder referred to the contract assets section on page 107 of the Annual Report, which states, "Management always estimates the loss allowance on amounts due from customers at an amount equal to lifetime Estimated Credit Loss (ECL), considering historical default experience and	<p>Mr Hoe, Andy Chi Hsien, the Audit Partner of Deloitte explained that Deloitte evaluates several factors, including historical data and industry forecasts, to assess potential losses. Based on their review of Management's assessments, they found the risk of significant losses to be minimal.</p> <p>This confirms that our financial statements, vetted by Deloitte, accurately reflect our risk levels and adhere to established financial standards.</p>

Significant and Relevant Questions / Comments From Shareholders / Proxies / Corporate Representatives	Company's Reply
<p>future industry prospects. None of the amounts due from customers at the end of the reporting period is past due. As there was no historical credit loss experience by the Group, no loss allowance has been made." The shareholder asked whether this statement was made by Management alone or if it was also approved by the auditor.</p>	
<p>(g) A shareholder asked if Sanli Environmental (Myanmar) Company Limited is still operational.</p>	<p>SHH provided an update on the operations of Sanli Environmental (Myanmar) Company Limited ("Sanli Myanmar"). Incorporated in late 2018, Sanli Myanmar quickly achieved impressive revenue, including a notable project involving the construction of a water plant in Myanmar. This rapid expansion into new markets is a testament to the Company's agility and strategic execution.</p> <p>However, the onset of COVID-19 and subsequent political instability in Myanmar have presented significant challenges. Many banks and businesses have withdrawn from the area, impacting economic activities. Despite these hurdles, Sanli remains committed to its operations in Myanmar, recognising the substantial potential the Myanmar market holds.</p> <p>SHH emphasised that stability is anticipated to return to Myanmar, whether it takes two or five years. Sanli's guiding principle during this period is to maintain sustainability without incurring losses. The local team has been provided with clear guidelines to ensure this sustainability is upheld. With 34 employees currently on board, the focus is on managing smaller projects that are able to cover employees' salaries and sustain basic operations. While the current shortage of contractors has constrained the ability to undertake large projects, Management is exercising prudence to avoid financial losses.</p> <p>SHH remains optimistic about the future, believing that conditions in Myanmar will stabilise, positioning Sanli to capitalise on future opportunities as long as the business remains sustainable without the risk of closing down.</p>