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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 THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE) IN RELATION TO THE ANNUAL GENERAL MEETING TO BE HELD ON 29 APRIL 2026

The Board of Directors of SIIC ENVIRONMENT HOLDINGS LTD. (“**SIIC Environment**” or the “**Company**”), together with its subsidiaries, the “**Group**”) refers to the notice of the annual general meeting (“**AGM**”) released by the Company via SGXNET and HKEX on 27 March 2026 in relation to the Company’s AGM to be held on 29 April 2026 at 10.00 a.m.

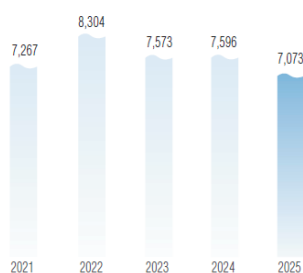
The Company would like to provide its responses to the questions received from the Securities Investors Association (Singapore) (“**SIAS**”) ahead of the AGM as follows. The Company did not receive any questions from shareholders as at the deadline stated in the notice of the AGM.

Question 1:

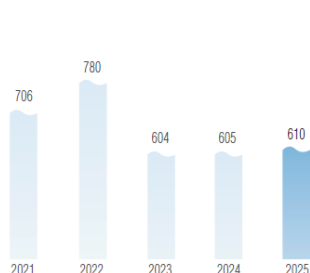
For the financial year ended 31 December 2025, revenue declined to RMB7.07 billion, while net profit attributable to shareholders increased to RMB610 million.

Operationally, the group expanded its footprint by securing new projects with a combined capacity of 380,000 tonnes per day, supplemented by an additional 290,000 tonnes per day through strategic acquisitions.

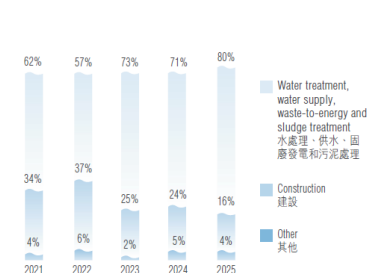
Revenue (RMB Million)
收入(人民幣百萬)



Profit Attributable to Owners of the Company (RMB Million)
本公司擁有人應佔利潤(人民幣百萬)



Change in revenue composition
營收組合變化



(Adapted from company annual report)

- (i) The revenue decline from construction activities suggests a potential strategic pivot. Has there been a deliberate, measured shift away from construction and engineering activities (perhaps due to unfavourable reward/risk returns or collectability issues), or is this contraction purely a function of project timing?
- (ii) The acquired projects were in Dalian and Anshan in Liaoning Province. Can management elaborate on the investment criteria for these acquisitions versus greenfield developments? How do these acquisitions compare with greenfield projects in terms of capital intensity, execution risk and expected returns?
- (iii) Selling and distribution costs have increased despite the top-line revenue decline. Can management provide a breakdown of the main cost components and explain the drivers of this increase, including whether this reflects structural cost escalation?

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

綜合損益表

Year ended 31 December 2025
截至2025年12月31日止年度

		Group 本集團	
		2025 2025年 RMB'000 人民幣千元	2024 2024年 RMB'000 人民幣千元
	Note 附註		
Revenue	4	7,072,781	7,595,654
Cost of sales		(4,609,755)	(4,977,831)
Gross profit		2,463,026	2,617,823
Other income	5	139,471	102,425
Other gains and losses	6	(109,180)	(1,336)
Selling and distribution costs		(85,082)	(80,830)
Administrative expenses		(691,616)	(657,008)
Finance expenses	8	(671,053)	(779,461)
Share of results of joint ventures	28	8,482	2,487
Share of results of associates	29	3,276	9,443
Profit before tax		1,057,324	1,213,543

(Source: company annual report; emphasis added)

Response to Question 1:

- (i) The decline in construction revenue during the period was mainly driven by project timing and fewer new construction project opportunities in the market. Currently, new project opportunities are slowing down, and the industry has entered a stage of competition for existing assets. Traditional heavy-asset construction businesses are facing common industry challenges, such as narrowing profit margins and extended accounts receivable cycles. Risk and return remain core considerations in all investment decisions. Adhering to the strategy of “breakthrough through M&A and improving

quality and efficiency”, the Group successfully acquired four water plants in Liaoning Province in early 2026.

- (ii) The acquired projects (Dalian and Anshan) are equity investments targeting mature operating water plants. The main assets include concession rights and operating assets, together with the existing management and operation team . Investment criteria focus on operational stability, investment yield, compliance and integration value.

Greenfield projects are mainly BOT projects involving a construction period, and relevant assets will be transferred to the government upon expiry of the concession term. Investment criteria focus on construction cost control, schedule management, technical feasibility and long-term concession return forecasting.

Capital intensity is not directly comparable: acquisition projects generally involve a one-time equity payment, while greenfield projects involve phased investment according to construction progress. Execution risks and expected returns vary across individual projects. The Group makes prudent investment decisions based on a comprehensive assessment of relevant factors while balancing return and risk.

- (iii) Selling and distribution costs mainly comprise staff costs related to the water supply business (approximately 75%), water meter maintenance costs (approximately 17%) and other expenses (approximately 8%). The cost structure remained broadly stable year on year. The year-on-year increase was mainly due to higher water meter maintenance expenses and staff costs for certain water supply operations. There was no structural cost escalation.

Question 2:

In FY2025, the group recognised a higher loss allowance for trade receivables of RMB160.3 million, as compared to RMB62.1 million in the prior year. Gross trade receivables increased by 18% to RMB6.70 billion, along with loss allowance of RMB293.6 million.

From Note 13 (page 143; Trade and other receivables), the aging analysis shows a significant concentration of long overdue trade receivables, with more than a third of trade receivables outstanding for more than 365 days. The absolute amount has increased by RMB528 million.

		Group 本集團	
		2025 2025年 RMB'000 人民幣千元	2024 2024年 RMB'000 人民幣千元
Within 30 days	30日內	796,265	865,481
Within 31 to 60 days	31至60日內	651,969	403,165
Within 61 to 90 days	61至90日內	375,100	382,549
Within 91 to 180 days	91至180日內	1,032,078	1,022,262
Within 181 to 365 days	181至365日內	1,398,787	1,224,869
Over 365 days	超過365日	2,148,934	1,620,742
		6,403,133	5,519,068

(Source: company annual report)

While the chairman noted an improvement in collection efficiency, the data suggests continued pressure on receivables quality and recoverability.

- (i) Can management elaborate on the specific actions taken to improve collections, and how “collection efficiency” is defined and measured? What is the trend of “days sales outstanding”?
- (ii) In addition, how did management estimate the provision matrix used in calculating expected credit loss, and what key assumptions underpin it? Given the increasing proportion of significantly aged receivables, how does the audit committee assess whether the current provisioning level remains prudent?

Response to Question 2:

- (i) The Group has implemented a series of targeted collection measures, including setting up collection tracking for key projects, strengthening communication with governments and owners, promoting debt restructuring and debt offset arrangements, and linking collection performance to divisional KPIs.

Collection efficiency is measured by the ratio of actual cash collections to relevant receivables balances. The Group also monitors the trend of days sales outstanding (DSO) on an ongoing basis.

With enhanced collection efforts, collection performance has improved and operating cash flow has increased significantly during the period. The Group will continue to strengthen collection and assessment to drive DSO on a steady downward trend.

- (ii) The Group measures expected credit losses (ECL) using an ECL matrix. Key assumptions are regularly updated based on historical collection experience, aging migration, customer credit risk, local fiscal capacity, macroeconomic conditions and industry policies.

Given the rising proportion of long-overdue receivables, the Audit Committee assesses and monitors the adequacy and prudence of the provision level through review of aging profiles, migration rates, historical collection data, provision ratios and external auditors' recommendations, to ensure forward-looking provisions sufficiently cover credit risks.

Question 3:

The board comprises four executive directors and three independent non-executive directors.

In the corporate governance report, the board noted its deviation from Provisions 2.2 and 2.3 of the 2018 Code of corporate governance¹ but stated that the current board size and composition remain appropriate and effective. A lead independent director has been appointed to address independence considerations.

Name of Director	Designation	AC	NC	RC	EC	RIMC
董事姓名	職位	審計委員會	提名委員會	薪酬委員會	執行委員會	風險及投資管理委員會
Mr. Zhou Yuding 周予鼎先生	Chairman of the Board and Executive Director 董事會主席兼執行董事	-	-	Member 成員	Chairman 主席	Member 成員
Mr. Ji Guanglin 汲廣林先生	Executive Director and Chief Executive Officer 執行董事兼首席執行官	-	-	-	Member 成員	Chairman 主席
Mr. Wang Xiwang 王希望先生	Executive Director 執行董事	-	-	-	Member 成員	Member 成員
Mr. Yang Xing 楊興先生	Executive Director 執行董事	-	-	-	-	-
Dr. Kimmis Pun Kim Ming 潘劍鳴博士	Lead Independent Non-Executive Director 首席獨立非執行董事	Member 成員	Chairlady 主席	Member 成員	-	-
Mr. An Hongjun 安紅軍先生	Independent Non-Executive Director 獨立非執行董事	Chairman 主席	Member 成員	Member 成員	-	-
Mr. Zhong Ming 鍾銘先生	Independent Non-Executive Director 獨立非執行董事	Member 成員	Member 成員	Chairman 主席	-	-

(Source: company annual report)

- (i) Can the nominating committee (NC) elaborate on its deliberations regarding the deviation from Provision 2.2, and explain why it considers the current board composition appropriate despite independent directors not forming a majority?
- (ii) Similarly, what are the underlying reasons, if any, for the deviation from Provision 2.3? How does the board ensure sufficient independence of judgement in its decision-making process?
- (iii) What are the constraints, if any, preventing the board from moving towards compliance with Provisions 2.2 and 2.3, and what is the expected timeline and pathway to achieving alignment with the Code?

Response to Question 3:

As disclosed in the FY2025 Annual Report issued on 27 March 2026, the Board currently comprises seven members, including four Executive Directors and three Independent Non-Executive Directors (“INEDs”). The Board has also disclosed its deviation from Provisions 2.2 and 2.3 of the 2018 Code of Corporate Governance, while being of the view that the present Board size and composition remain appropriate and effective in view of the Group’s current operational and strategic requirements.

¹ Provision 2.2 of the Code of Corporate Governance 2018 provides that where the chairman is not an independent director, the independent directors should make up a majority of the board and Provision 2.3 states that non-executive directors should make up a majority of the board.

- (i) The NC has duly deliberated on the deviation from Provision 2.2 of the Code.

Although the INEDs do not presently form a majority of the Board, the NC considers the current Board size and composition to be appropriate and effective for the following reasons:

- the directors collectively possess extensive industry, financial, operational and professional experience relevant to the Group's business;
- the three INEDs bring strong expertise and continue to provide effective challenge, oversight and independent judgement on matters brought before the Board;
- a Lead Independent Director has been appointed to further safeguard independent judgement and provide an additional channel for shareholders and directors where appropriate; and
- as disclosed in the FY2025 Annual Report, the Group currently operates an extensive portfolio of environmental projects across multiple provinces and municipalities in the PRC, and accordingly requires strong executive representation to support strategic oversight and execution.

In addition, the Audit Committee and Nominating Committee comprise entirely INEDs, while the Remuneration Committee is chaired by an INED and comprises a majority of INEDs together with the Chairman of the Board.

Accordingly, the NC is satisfied that the current Board composition meets the Company's present development needs and continues to effectively safeguard shareholders' interests.

- (ii) The deviation from Provision 2.3 primarily reflects the Company's present stage of business integration and M&A expansion, which requires efficient decision-making and close execution oversight by executive directors.

In particular, given the scale of the Group's operations and its ongoing strategic initiatives, the Board considers it appropriate at this juncture for executive directors to maintain a strong presence on the Board to facilitate timely strategic and operational decisions.

To ensure independent and objective decision-making notwithstanding this deviation, the Company has established robust governance arrangements, including the following:

- all material matters are subject to full deliberation by the Board before any decision is made and INEDs actively participate in Board deliberations and provide constructive challenge to Management's proposals, ensuring that decisions are made after due consideration of alternative perspectives;
- the Audit Committee, Nominating Committee and Remuneration Committee are all chaired by INEDs;
- the Audit Committee and Nominating Committee are fully independent, while the Remuneration Committee remains majority independent;

- the Lead Independent Director provides additional oversight and an independent communication channel;
- INEDs have independent access to management information, external professional advisers where necessary, and may convene separate meetings without the presence of executive management; and
- directors are required to abstain from discussions and decisions in situations involving any actual or potential conflict of interest.

The Board is therefore of the view that its decision-making process sufficiently ensures independence, objectivity and prudence.

- (iii) At present, there are no material constraints preventing the Board from moving towards compliance with Provisions 2.2 and 2.3.

The Company remains committed to complying with SGX-ST corporate governance requirements and will continue to review Board composition as part of its regular succession planning and board renewal process.

Consistent with the Board succession plan, the Company intends to appoint additional INEDs in due course to progressively increase the proportion of INEDs on the Board and move towards closer alignment with the Code.

Such arrangements are expected to be considered as part of the future director nomination and retirement plan, and any material developments in this regard will be disclosed in a timely manner in accordance with applicable SGX-ST listing rules and corporate governance requirements.

By Order of the Board
SIIC ENVIRONMENT HOLDINGS LTD.
Mr. Ji Guanglin
Executive Director

Hong Kong and Singapore, 23 April 2026

As at the date of this announcement, the chairman of the Board and the executive Director is Mr. Zhou Yuding; the executive Directors are Mr. Ji Guanglin, Mr. Wang Xiwang and Mr. Yang Xing; and the independent non-executive Directors are Dr. Kimmis Pun Kim Ming, Mr. An Hongjun and Mr. Zhong Ming.

** For identification purpose only*