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上海实业环境控股有限公司
SIIC ENVIRONMENT HOLDINGS LTD.

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)

RESPONSE TO SGX QUERIES ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The Board of Directors ("**Board**") of SIIC Environment Holdings Ltd. ("**Company**") refers to its announcement released on 5 April 2023 in relation to the Company's Annual Report for the financial year ended 31 December 2022 ("**FY2022 Annual Report**"). The Board would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 11 April 2023:

SGX Queries:

1. We note that the Company had not complied with Provision 2.2 of the Code of Corporate Governance 2018 (the "Code") as independent directors do not make up a majority of the Board where your chairman is not independent, and no explanations were provided in your FY2022 annual report. Please provide an explanation for the deviation from the provision and despite this how the Company has complied with the objective of Principle 2.

2. We note that the Company had not complied with Provision 2.3 of the Code as non-executive directors do not make up a majority of your Board and no explanations were provided in your FY2022 annual report. Please explain the deviation from the provision.

Company's consolidated response to the SGX Queries

Provisions 2.2 and 2.3 of the Code provide that independent directors make up a majority of the Board where the Chairman is not independent and non-executive directors make up a majority of the Board, respectively.

As disclosed on pages 60, 62 and 63 of the FY2022 Annual Report, the Board currently comprises one (1) Non-Executive Director, five (5) Executive Directors and three (3) Independent Non-Executive Directors. The Non-Executive Chairman, Mr. Zhou Jun, is not considered independent, and the Independent Non-Executive Directors and the Non-Executive Directors each do not make up a majority of the Board. The reasons for deviation from Provisions 2.2 and 2.3 of the Code have been disclosed on page 63 of the FY2022 Annual Report as follows:

"Notwithstanding the above and the requirements of Provisions 2.2 and 2.3 of the Code, the NC has reviewed the size and composition of the Board and after taking into account the scope and nature of operations of the Group in the year under review including diversity of

background, experience, gender, age and other relevant factors, the NC is satisfied that the current Board size is appropriate and effective with composition of five (5) Executive Directors, one (1) Non-Executive Director and three (3) Independent Non-Executive Directors. To address the issue of independence, the Board has put in place a Lead Independent Director, who is available to shareholders where they have concerns. The Board is of the view that the Independent Directors demonstrate a strong level of independence and judgement in discharging their duties and responsibilities as Independent Directors of the Company with the utmost commitment in upholding the interest of the non-controlling shareholders. They (including Non-Executive Chairman) have expressed individual and independent viewpoints, input, debated issues, and objectively scrutinised and challenged the Management taking into consideration the long-term interests of the Group and its shareholders. No individual or small group of individuals dominates the Board's decision making. Nonetheless, the Company is constantly on the lookout for suitable candidates to join the Board as Independent Non-Executive Directors as part of its review process."

The Company has on pages 63 and 66 of the FY2022 Annual Report also disclosed that in view of the fact that the Non-Executive Chairman, Mr. Zhou Jun, is not independent, the Board has put in place a Lead Independent Director, Mr. Yeo Guat Kwang, to co-ordinate and to lead the Independent Non-Executive Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. He is the main liaison on Board issues between the Independent Non-Executive Directors and the Non-Executive Chairman. He is available to shareholders where they have concerns and for which contact through the normal channels of the Non-Executive Chairman, CEO, Chief Financial Officer or the Management are inappropriate or inadequate.

The Independent Non-Executive Directors, led by the Lead Independent Non-Executive Director, meet amongst themselves without the presence of the other Directors, where necessary, and the Lead Independent Non-Executive Director will provide feedback to the Non-Executive Chairman after such meetings, as appropriate. The Non-Executive Chairman, the CEO and other Directors do not have any financial, business, family or other material/relevant relationships with each other.

The Company has on page 64 of the FY2022 Annual Report also disclosed that Non-Executive Director and Independent Non-Executive Directors exercise no management functions in the Group. Although all the Directors have equal responsibility for the performance of the Group, the roles of the Non-Executive Director and Independent Non-Executive Directors are particularly important in ensuring that the strategies proposed by Management are fully discussed and rigorously examined and take into account the long-term interests of not only the shareholders, but also of the employees, customers, suppliers and the communities in which the Group conducts its business. In addition, the roles of the Non-Executive Director and Independent Non-Executive Directors are particularly important in reviewing the performance of Management in achieving agreed goals and objectives and monitoring the reporting of performance. The Nominating Committee ("**NC**") considers its Independent Non-Executive Directors to be of sufficient calibre and size and their views to be of sufficient weight such that no individual or small group of individuals dominates the Board's decision-making process.

The Company co-ordinates informal meeting sessions, led by the Lead Independent Non-Executive Director, for the Non-Executive Director and Independent Non-Executive Directors to meet on a needs-basis without the presence of the Management, as appropriate, to discuss matters such as the Group's financial performance, corporate governance initiatives, Board processes, succession planning as well as leadership development and the remuneration of the Executive Directors. The Lead Independent Non-Executive Director will provide feedback and recommendations to the Chairman of the Board after such meetings, as appropriate.

Although the Independent Non-Executive Directors are do not make up a majority of the Board, they actively participate in Board meetings and provide the necessary checks and balances. The Company has benefited from Management's access to its Directors for guidance and exchange of views both within and outside of the meetings of the Board and Board Committees. The Independent Non-Executive Directors communicate amongst themselves and with the Company's auditors and Senior Management.

The Board is supported by five committees, namely the AC, the NC, the RC, the Risk and Investment Management Committee and the Executive Committee (collectively, "**Board Committees**"). The Board Committees operate within clearly defined terms of reference or scope and they play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the Board Committees (the "**Terms of Reference**") are reviewed on a regular basis to ensure their continued relevance. The roles and responsibilities for each committee are specified in its Terms of Reference. The details of the latest Terms of Reference for the AC, the NC and the RC can be found on the websites of the SGX-ST, The Stock Exchange of Hong Kong Limited and the Company.

Each of the AC, NC and RC is chaired by an Independent Non-Executive Director with the following professional background and expertise:

Board Committees	**Board Committees Chairman**	**Other Roles**	**Professional Qualification**	**Experience**
Audit Committee ("**AC**")	Mr. An Hongjun	(i) NC Member (ii) RC Member	• Bachelor Degree in Finance from Nankai University • Master Degree and Doctorate in World Economics from Fudan University • Doctorate Degree in Global Finance Business Administration from Shanghai Advanced Institute of Finance of Shanghai Jiao Tong University • Member of the Private Equity Professional Committee of the Asset Management	Mr. An is the founder and chairman of Genharmony Capital (君和資本), and has more than 20 years' professional experience in the environmental industry. Mr. An had held various senior positions in Shanghai Chengtou Holding Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600649) and a member of the SSE Corporate Governance Index, such as the chairman and the president from April 2007 to September 2016. Mr. An is a member of the private equity professional

			Association of China	committee of the Asset Management Association of China.
NC	Mr. Yeo Guat Kwang	(i) Lead Independent Non-Executive Director (ii) AC Member (iii) RC Member	• Honors' degree in Arts and Social Sciences from National University of Singapore ("NUS") • Master's degree in Public Administration and Management in Lee Kuan Yew School of Public Policy of NUS • Doctorate in Business Administration from United Business Institutes, Brussels	Mr. Yeo is the Advisor of the National Trade Unions Congress (NTUC) of Singapore. He had been a member of the Parliament of Singapore from January 1997 to August 2015. Mr. Yeo is also currently an independent non-executive director of several companies, namely Koyo International Ltd., a company listed on the SGXST (stock code: 5OC), G.H.Y Culture & Media, a company listed on the SGX-ST (stock code: XJB), Motorway Automotive Pte. Ltd. and The Place Holdings Limited, a company listed on the SGX-ST (stock code: E27).
Remuneration Committee ("**RC**")	Mr. Zhong Ming	(i) AC Member (ii) NC Member	Bachelor's Degree in Commerce from The University of Melbourne	Mr. Zhong is currently an executive Director of Yanlord Land Group Limited, a real estate development company listed on the SGX-ST (stock code: Z25). Furthermore, he also holds directorships in various companies in Singapore, such as Ren Ci Hospital (仁慈醫院), United Engineers Limited

				(聯合工程有限公司) and WBL Corporation Limited (維信有限公司).

In view of the foregoing, the Board is of the view that the Board's composition has an appropriate level of independence and diversity of thought and background to enable it to make decisions in the best interests of the Company and its shareholders as a whole, consistent with the intent of Principle 2 of the Code.

By Order of the Board
SIIC ENVIRONMENT HOLDINGS LTD.
Mr. Yang Jianwei
Executive Director

Hong Kong and Singapore, 13 April 2023

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

* *For identification purpose only*