

*The Singapore Exchange Securities Trading Limited, Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 2020**

The Board of Directors ("**Board**") of SIIC Environment Holdings Ltd. ("**Company**") refers to its announcement released on 25 March 2021 in relation to the Annual Report for the financial year ended 31 December 2020 ("**FY2020 Annual Report**"). The Board would like to respond to the following queries raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 9 April 2021 ("**SGX Query**") as follows:

### **SGX Query:**

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "**Code**"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 2.2, 2.3 & 2.4 of the Code as:

1. independent directors do not make up a majority of the Board where your Chairman is not independent;
2. non-executive directors do not make up a majority of your Board; and
3. you have not disclosed your board diversity policy and progress made towards implementing the board diversity policy, including objectives.

There were no explanations provided for in your FY2020 annual report on how it is consistent with the intent of Principle 2 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company and how the Company intends to meet the requirements that come into effect on 1 January 2022. In the explanation, please clarify each provision separately.

### **Company's Response to SGX Query**

Provision 2.2 and 2.3 of the Code provides that independent directors make up majority of the Board where the Chairman is not independent and non-executive directors make up a majority of the Board.

Provision 2.4 of the Code provides that the Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.

As disclosed on page 57 and 59 of the FY2020 Annual Report, in designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age (range from 30s to 60s as disclosed on page 36 of the FY2020 Annual Report), cultural, industry experience, skill and knowledge. Presently, the Board comprises one Non-Executive Director, five Executive Directors and three Independent Non-Executive Directors. The three (3) Independent Non-Executive Directors on the Board, which make up at least one-third of the Board. The Nominating Committee of the Company (the "NC") holds meeting at least once per annum for the purpose of, among others, reviewing the size and composition of the Board and considering any change in Director and senior management. The Non-Executive Chairman, Mr. Zhou Jun is not considered as an Independent Non-Executive Director. The NC is satisfied that after taking into account the scope and nature of operations of the Group in the year under review, the current Board size is appropriate and effective. It is not necessary to have Independent Non-Executive Directors make up a majority of the Board at present. 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 page 62 of the FY2020 Annual Report disclosed that in view of the fact that the Non-Executive Chairman, Mr. Zhou Jun is not independent, the Board had appointed Mr. Yeo Guat Kwang as the Lead Independent Non-Executive Director to co-ordinate and to lead the Independent Non-Executive Directors to provide a nonexecutive 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 Financial Controller or the Management are inappropriate or inadequate.

The Company co-ordinates informal meeting sessions for the Non-Executive Director and Independent Non-Executive Directors to meet on a need-basis without the presence of the Management 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.

Although the independent directors are not in a majority, the Independent Non-Executive Directors actively participate in Board meetings. 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.

As disclosed on page 54 of the FY2020 Annual Report, the Group had adopted a set of internal guidelines setting forth financial authorisation and approval limits for investments, acquisitions and disposals. Transactions falling outside the ordinary course of business and where the value of a transaction exceeds these limits have to be approved by the Board. Directors facing conflicts of interest would recuse themselves from discussions and decisions involving the issues of conflict. The Directors would abstain from voting and decision involving the issues of conflict.

Each of the Board Committees is chaired by the Independent Non-Executive Director with the following professional background and expertise:

<b>Board Committees</b>	<b>Board Committees Chairman</b>	<b>Other Roles</b>	<b>Professional Qualification</b>	<b>Experience</b>
Audit Committee (“AC”)	Mr. An Hongjun	(i) NC Member (ii) RC Member	<ul style="list-style-type: none"> <li>• Bachelor Degree in Finance from Nankai University</li> <li>• Master Degree and Doctorate in World Economics from Fudan University</li> <li>• Doctorate Degree in Global Finance Business Administration from Shanghai Advanced Institute of Finance of Shanghai Jiao Tong University</li> <li>• Member of the Private Equity Professional Committee of the Asset Management Association of China</li> </ul>	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 committee of the Asset Management Association of China.
Nominating Committee	Mr. Yeo Guat Kwang	(i) Lead Independent Non-Executive Director (ii) AC Member (iii) RC Member	<ul style="list-style-type: none"> <li>• Honors’ degree in Arts and Social Sciences from National University of Singapore (“NUS”)</li> <li>• Master’s degree in Public Administration and</li> </ul>	Mr. Yeo is the Assistant Director-General of the National Trade Unions Congress (NTUC) of Singapore, and is also the chairman of Migrant Workers’ Centre and Centre For Domestic Employees of

			<p>Management in Lee Kuan Yew School of Public Policy of NUS</p> <ul style="list-style-type: none"> <li>• Doctorate in Business Administration from United Business Institutes, Brussels</li> </ul>	<p>Singapore. He had been a member of the Parliament of Singapore from January 1997 to August 2015. He was also the president of the Consumers Association of Singapore from June 2003 to June 2012. 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: 50C), G.H.Y Culture &amp; Media, a company listed on the SGX-ST (stock code: XJB) and Motorway Automotive Pte Ltd..</p>
Remuneration Committee (“RC”)	Mr. Zhong Ming	<p>(i) AC Member</p> <p>(ii) NC Member</p>	<p>Bachelor’s Degree in Commerce from The University of Melbourne</p>	<p>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 namely Singapore Ren Ci Hospital, United Engineers Limited, Wearn Brothers Limited.</p>

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, respectively, details of which can be found on the websites of the SGX-ST, The Stock Exchange of Hong Kong Limited and the Company.

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 2021

*As at the date of this announcement, the non-executive Chairman is Mr. Zhou Jun; the executive Directors are Mr. Yang Jianwei, Mr. Feng Jun, Mr. Xu Xiaobing, 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*