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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 SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S QUERIES ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The board ("**Board**") of directors ("**Directors**") of SIIC ENVIRONMENT HOLDINGS LTD. ("**Company**" and together with its subsidiaries, collectively, "**Group**") refers to the Company's Annual Report for the financial year ended 31 December 2018 ("**Annual Report 2018**") released on 7 April 2019 and the circular dated 27 March 2019. The Board would like to respond to the following query raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 18 April 2019 ("**SGX Query**") and provide further information pursuant to code provision A.4.3 of the Corporate Governance Code ("**HK CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Hong Kong Listing Rules**") as follows:

SGX Query:

Guideline 2.4 of the Code of Corporate Governance 2012 (the "**Code**") states that the independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In doing so, the Board should also take into account the need for progressive refreshing of the Board. The Board should also explain why any such director should be considered independent.

Mr Yeo Guat Kwang has served as Independent Director of the Company for more than nine years. Please comply with Guideline 2.4 of the Code or otherwise explain the reason(s) for the deviation from the Code.

Company's response to SGX Query:

As disclosed in the Company's Annual Report 2018, the nominating committee of the Company ("NC") considers an Independent Non-Executive Director as one who has no relationship with the Company, its related companies or its Officers that could interfere, or be reasonable perceived to interfere, with the exercise of the Directors' independent judgement of the Group's affairs. The NC has reviewed the independence of each Independent Non-Executive Director and received annual confirmation of independence pursuant to Rule 3.13 of the Hong Kong Listing Rules, and is of the view that these Independent Non-Executive Directors are independent.

The following relevant factors that were taken into consideration in determining the independence of Mr. Yeo Guat Kwang ("**Mr. Yeo**") who has served on the Board beyond 9 years:

- (a) The considerable amount of experience and wealth of knowledge that the independent non-executive director brings to the Company;
- (b) The attendance and active participation in the proceedings and decision making process of the Board and Board Committees meetings;
- (c) Provision of continuity and stability to the Management at the Board level as the independent non-executive director has developed deep insight into the business of the Company and possesses experience and knowledge of the business;
- (d) The qualification and expertise provides reasonable checks and balances for the Management;
- (e) The independent non-executive director has provided adequate attention and sufficient time has been devoted to the proceedings and business of the Company. The independent non-executive director is adequately prepared and responsive and heavily involved in the discussions at the meeting;
- (f) The independent non-executive director provides overall guidance to Management and act as safeguard for the protection of Company's assets and shareholders' interests; and
- (g) The independent non-executive director has not engaged in any executive management of the Group.

In this regard, the NC with the concurrence of the Board has reviewed the suitability of Mr. Yeo being Independent Non-Executive Director who has served on the Board beyond 9 years and has determined that Mr. Yeo remains independent. Mr. Yeo abstained from voting on any resolution in respect of his own appointment and re-nomination as a Director at the Company's forthcoming Annual General Meeting.

By Order of the Board
SIIC ENVIRONMENT HOLDINGS LTD.
Mr. Feng Jun
Executive Director

Hong Kong, 23 April 2019

As at the date of this announcement, the non-executive Chairman is Mr. Zhou Jun; the executive Directors are Mr. Feng Jun, Mr. Li Zengfu, Mr. Xu Xiaobing and Mr. Xu Zhan; and the independent non-executive Directors are Mr. Yeo Guat Kwang, Mr. An Hongjun and Mr. Zhong Ming.

** For identification purpose only*