
PROPOSED SUBSCRIPTION OF 23,187,500 NEW ORDINARY SHARES IN THE CAPITAL OF LONGJIANG ENVIRONMENTAL PROTECTION GROUP CO., LTD (THE “SUBSCRIPTION”)

1. INTRODUCTION

The Board of Directors (the “**Board**”) of SIIC Environment Holdings Ltd. (the “**Company**”) wishes to announce that the Company intends to further subscribe for 23,187,500 new ordinary shares (the “**Shares**”) in the capital of Longjiang Environmental Protection Group Co., Ltd (“**Longjiang**”) through its wholly owned subsidiaries Gold Orient Investments Limited, Grand Sinochn International Limited and SIIC Environment Holdings (Shenzhen) Co., Ltd. (collectively, the “**Subsidiaries**”).

2. THE SUBSCRIPTION

2.1 Background Information

Longjiang became a subsidiary of the Company on 6 January 2017. As at the date of this announcement and before the completion of the Subscription, the Company indirectly owns 57.9687% shares in Longjiang through the Subsidiaries, and Shanghai Industrial Holdings Limited (“**SIHL**”) owns 40.7813% shares in Longjiang.

2.2 Shareholders’ Resolution

On 26 June 2018, the shareholders of Longjiang have passed a shareholders’ resolution in accordance with the constitutional documents of Longjiang, pursuant to which, Longjiang shall issue 40,000,000 new ordinary shares at the price of RMB 8.00 per share (“**Subscription Price**”) and all the shareholders of Longjiang agree to subscribe for the new ordinary shares on pro rata basis.

2.3 Subscription Price

The Subscription Price was arrived at following arm’s length negotiations among all the shareholders of Longjiang, taking into account the financial position and prospects of Longjiang.

3. RATIONALE FOR THE SUBSCRIPTION

The Subscription will benefit the Group because: (i) Longjiang will have sufficient fund to repay its existing loan facility; and (ii) it is in line with the financial restructuring of Longjiang, which is supported and approved by all the shareholders of Longjiang and will be in favor of the Group's interest.

4. THE SUBSCRIPTION AS AN INTERESTED PERSON TRANSACTION

4.1 Interested Person Transaction

4.1.1 SIHL is a controlling shareholder of the Company. It is deemed interested in all the Shares held by SIHL Treasury⁽¹⁾, S.I. Infrastructure⁽²⁾ and Triumph Power Limited⁽³⁾ ("**TPL**"). SIHL Treasury, S.I. Infrastructure and TPL hold directly in aggregate 1,216,405,926 Shares, representing 46.67% of the issued share capital of the Company. Accordingly, pursuant to the Listing Manual of the Main Board of the Singapore Exchange Securities Trading Limited ("**Listing Manual**"), SIHL is deemed to be a "controlling shareholder" of the Company as it has more than 15% interest in the issued share capital of the Company.

4.1.2 A breakdown of the Shares directly held by SIHL Treasury, S.I. Infrastructure and TPL as at the date of this announcement is set out in the table below.

Shareholder	Number of Shares	% of existing issued share capital of the Company ⁽¹⁾
SIHL Treasury	64,057,900	2.46
S.I. Infrastructure ⁽²⁾	165,418,475	6.35
TPL	986,929,551	37.86
Total	1,216,405,926	46.67

¹ SIHL Treasury is a directly wholly owned subsidiary of SIHL.

² S.I. Infrastructure is a directly wholly owned subsidiary of SIHL.

³ SIHL indirectly owns the entire issued and paid-up share capital of TPL via its wholly-owned subsidiary, S.I. Infrastructure.

Notes:

- (1) Based on the existing issued and paid up share capital of the Company of 2,606,588,726 Shares as at the date of this announcement.
- (2) S.I. Infrastructure directly holds the entire issued and paid up share capital of TPL. By virtue of section 4 of the Securities and Futures Act, S.I. Infrastructure is deemed interested in the Shares held by TPL. Accordingly, S.I. Infrastructure has an aggregate (both direct and deemed) interest in 44.21% of the issued and paid-up share capital of the Company.

4.1.3 As SIHL, before the Subscription, holds an aggregate of 130,500,000 shares representing 40.7813% of the shares in Longjiang, Longjiang is considered to be an “associate” of SIHL. Therefore, for the purposes of Chapter 9 of the Listing Manual, Longjiang would be considered an “interested person” within the meaning of Chapter 9 of the Listing Manual vis-a-vis the Subsidiaries, which are regarded as “entities at risk” pursuant to Chapter 9 of the Listing Manual, and for the purposes of Chapter 14A of the Listing Rules of the Main Board of The Stock Exchange of Hong Kong Limited (“**Listing Rules**”), Longjiang would be considered a “connected subsidiary”. Accordingly, the Subscription constitutes an “interested person transaction” under Chapter 9 of the Listing Manual and a “connected transaction” under Chapter 14A of the Listing Rules.

4.2 **NTA**

As at 31 December 2017, 3% of the latest audited consolidated NTA⁽⁴⁾ of the Group was approximately S\$60,482,000, and 5% of the latest audited consolidated NTA of the Group was approximately S\$100,803,000.

4.3 **Shareholders’ Approval**

The subscription amount of S\$64,622,000 for the Shares, together with the interested person transactions between the Company and the same interested person during FY2018, represents approximately 3.8% of the latest audited consolidated NTA of the Group. Accordingly, as the value of the Subscription exceeds 3% of the latest audited consolidated NTA of the Group, but does not exceed 5% of the latest audited consolidated NTA of the Group, approval of the Shareholders will not be required for the Subscription, in accordance with Chapter 9 of the Listing Manual and Chapter 14A of the Listing Rules, and circular (including independent financial advice) for the Subscription will not be required by the Chapter 14A of the Listing Rules.

⁴ NTA is determined based on total assets less intangible assets, land use rights, investments in subsidiaries and goodwill on consideration.

4.4 Total Value of Interested Person Transactions

For the period from the beginning of the current financial year, save for the Subscription, the details of the interested transactions entered into with SIHL or Longjiang or any other interested person are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
S.I. Infrastructure Holdings Limited	S\$1,022,800	-
Shanghai Luqiao Development Co., Ltd.	S\$4,436,200	-
SIHL Finance Limited	S\$5,395,700	-
Shanghai Shen-Yu Expressway (Shanghai Section) Co., Ltd	S\$482,400	-
Total	S\$11,337,100	

4.5 Opinion of Audit Committee

Having reviewed the terms of the Subscription, the Company's audit committee (the "**Audit Committee**") (comprising Mr An Hongjun, Mr. Yeo Guat Kwang and Mr. Zhong Ming) are of the view that the Subscription are on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Board collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Subscription, the Company and its subsidiaries, and the Board is not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the

Board has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

6. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. The Subscription is subject to certain conditions. There is no certainty or assurance as at the date of this announcement that the Subscription will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

As at the date of this Announcement, the Subscription is still on-going and the Board will update all the shareholders of the Company in due course.

By Order of the Board

Executive Director

Feng Jun

18 July 2018