

CIRCULAR DATED 10 APRIL 2015

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your issued and fully paid-up ordinary shares in the capital of SIIC Environment Holdings Ltd. (the “**Company**”), you should immediately forward this Circular, the enclosed Notice of Extraordinary General Meeting and the enclosed Proxy Form to the purchaser or transferee, or the stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements made or opinions expressed or reports contained in this Circular.

Terms appearing on the cover of this Circular have the same meanings as defined in this Circular.



SIIC ENVIRONMENT HOLDINGS LTD.

(Company Registration Number: 200210042R)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED CONSOLIDATION OF EVERY FIVE (5) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS OF THE COMPANY AS AT THE BOOKS CLOSURE DATED TO BE DETERMINED, INTO ONE (1) CONSOLIDATED SHARE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED (THE “PROPOSED SHARE CONSOLIDATION”)

IMPORTANT DATES AND TIMES

- | | | |
|--|---|--|
| Last date and time for lodgement of Proxy Form | : | 25 April 2015 at 10 a.m. |
| Date and time of Extraordinary General Meeting | : | 27 April 2015 at 10 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be convened on the same day and at the same venue) |
| Place of Extraordinary General Meeting | : | Pan Pacific Singapore, Ocean 6, Level 2
7 Raffles Boulevard, Marina Square
Singapore 039595 |

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:-

“AGM”	:	Annual general meeting of the Company
“Board”	:	The board of Directors as at the date of this Circular
“Books Closure Date”	:	The time and date, to be determined by the Directors in their absolute discretion as they deem fit and announced by the Company, at and on which the Register of Members and the share transfer books of the Company will be closed to determine the entitlements of Shareholders to the Consolidated Shares under the Proposed Share Consolidation
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 10 April 2015
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
“Company”	:	SIIC Environment Holdings Ltd.
“Consolidated Shares”	:	The consolidated shares in the issued share capital of the Company held by Shareholders pursuant to the completion of the Proposed Share Consolidation and “Consolidated Share” shall be construed accordingly
“Directors”	:	The directors of the Company as at the date of this Circular
“Effective Trading Date”	:	Has the meaning ascribed to it in Paragraph 2.3.5 of this Circular, being the date on which the Consolidated Shares commence trading on SGX-ST in board lots of 100 Consolidated Shares
“EGM”	:	The Extraordinary General Meeting of the Company to be convened on 27 April 2015, notice of which is set out on pages N-1 and N-2 of this Circular
“EPS”	:	Earnings per Share
“FY2014”	:	Financial year ended 31 December 2014
“Group”	:	The Company and its subsidiaries
“Latest Practicable Date”	:	31 March 2015, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST, as may be amended or modified from time to time
“Market Day”	:	A day on which the SGX-ST is open for trading in securities
“NTA”	:	Net tangible assets
“PRC”	:	The People’s Republic of China

DEFINITIONS

- “Proposed Share Consolidation” : The proposed consolidation of every five (5) existing Shares held by Shareholders as at the Books Closure Date to be determined, into one (1) Consolidated Share, fractional entitlements to be disregarded
- “Proxy Form” : The proxy form in respect of the EGM as set out in this Circular
- “Register of Members” : Register of members of the Company
- “Securities Account” : The securities account maintained by a Depositor with the CDP but not including a securities sub-account maintained with a Depository Agent
- “SGX-ST” : Singapore Exchange Securities Trading Limited
- “Share Registrar” : Boardroom Corporate & Advisory Services Pte. Ltd.
- “Shareholders” : The registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to those Shares, mean the Depositors who have shares entered against their names in the Depository Register
- “Shares” : Ordinary shares in the capital of the Company
- “subsidiary” or “subsidiaries” : Has the meaning ascribed to it in Section 5 of the Companies Act, where a corporation shall be deemed a subsidiary of another corporation if –
- (a) that other corporation –
 - (i) controls the composition of the board of directors of the first-mentioned corporation;
 - (ii) controls more than half of the voting power of the first-mentioned corporation; or
 - (iii) holds more than half of the issued share capital of the first-mentioned corporation (excluding any part thereof which consists of preference shares and treasury shares); or
 - (b) the first-mentioned corporation is a subsidiary of any corporation which is that other corporation’s subsidiary.
- “Substantial Shareholder” : A person who has an interest in voting shares in the Company and the total votes attached to which is not less than five per cent. of the total votes attached to all the voting shares in the Company

Currencies and Units

- “S\$” or “cents” : Singapore dollars and cents, respectively
- “RMB” : PRC Renminbi
- “%” or “per cent.” : Percentage or per centum

DEFINITIONS

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meaning ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, Listing Manual or any statutory modification thereof and used in this Circular shall have the same meaning assigned to it under the Companies Act, Listing Manual or any statutory modification thereof, as the case may be.

Any reference to a time of a day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

LETTER TO SHAREHOLDERS

SIIC ENVIRONMENT HOLDINGS LTD.

(Company Registration Number: 200210042R)
(Incorporated in the Republic of Singapore)

Board of Directors:

Zhou Jun (*Executive Chairman*)
Feng Jun (*Executive Director*)
Yang Changmin (*Executive Director*)
Yang Yihua (*Executive Director*)
Xu Xiaobing (*Executive Director*)
Xu Zhan (*Executive Director*)
Yeo Guat Kwang (*Lead Independent Director*)
Tay Ah Kong Bernard (*Independent Director*)
Tan Chong Huat (*Independent Director*)
Tan Gim Soo (*Independent Director*)

Registered Office:

One Temasek Avenue
#37-03 Millenia Tower
Singapore 039192

10 April 2015

To: The Shareholders of SIIC Environment Holdings Ltd.

Dear Sir / Madam,

THE PROPOSED CONSOLIDATION OF EVERY FIVE (5) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS OF THE COMPANY AS AT THE BOOKS CLOSURE DATE TO BE DETERMINED, INTO ONE (1) CONSOLIDATED SHARE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED (THE “PROPOSED SHARE CONSOLIDATION”)

1. INTRODUCTION

- 1.1 The Directors propose to convene an EGM to seek Shareholders’ approval for the Proposed Share Consolidation.
- 1.2 The purpose of this Circular is to explain the rationale for, and provide Shareholders with the relevant information relating to the Proposed Share Consolidation, and to seek Shareholders’ approval for the ordinary resolution thereof to be tabled at the EGM, notice of which is set out on pages N-1 and N-2 of this Circular.
- 1.3 The SGX-ST assumes no responsibility for the accuracy of any statements made, reports contained or opinions expressed in this Circular.

2. THE PROPOSED SHARE CONSOLIDATION

2.1 Introduction

- 2.1.1 The Company announced on 23 March 2015 that the Company is proposing to undertake a share consolidation exercise to consolidate every five (5) existing Shares (including treasury shares) (“**Existing Shares**”) into one (1) Consolidated Share as at the Books Closure Date, fractional entitlements to be disregarded.
- 2.1.2 Accordingly, subject to Shareholders’ approval being obtained for the Proposed Share Consolidation at the EGM, Shareholders’ holdings of the Consolidated Shares arising from the Proposed Share Consolidation will be ascertained on the Books Closure Date. After the Books Closure Date, every five (5) Existing Shares registered in the name, or standing to the credit of the Securities Account, of each Shareholder or Depositor (as the case may be) as at the Books Closure Date will be consolidated into one (1) Consolidated Share, fractional entitlements to be disregarded. Each Consolidated Share will rank *pari passu* in

LETTER TO SHAREHOLDERS

all respects with each other. The Consolidated Shares will be traded in board lots of 100 Consolidated Shares. All fractions of Consolidated Shares arising from the implementation of the Proposed Share Consolidation may be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

- 2.1.3 Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of the Existing Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and all entitlements to any fractions of a Consolidated Share arising from the Proposed Share Consolidation will be disregarded. Shareholders who hold less than five (5) Existing Shares as at the Books Closure Date will not be entitled to any Consolidated Shares and will no longer be Shareholders upon completion of the Proposed Share Consolidation. Such Shareholders who wish to remain as Shareholders upon completion of the Proposed Share Consolidation are advised to purchase additional Existing Shares so as to increase the number of Existing Shares held to a multiple of five (5) Existing Shares prior to the Books Closure Date.
- 2.1.4 With effect from 9.00 a.m. on the Effective Trading Date, trading in the Consolidated Shares will be in board lots of 100 Consolidated Shares.
- 2.1.5 As at the Latest Practicable Date, the Company has an issued and paid-up share capital of approximately RMB3,278,603,000 divided into 9,589,574,132 Shares (including 282,000 treasury shares). On the assumption that there will be no new Shares issued by the Company up to the Books Closure Date and subject to Shareholders' approval being obtained for the Proposed Share Consolidation, following the completion of the Proposed Share Consolidation, the Company will have an issued and paid-up share capital of approximately RMB3,278,603,000 divided into up to 1,917,914,826 Consolidated Shares (including 56,400 treasury shares).
- 2.1.6 The Proposed Share Consolidation will have no impact on the dollar value of the issued and paid-up share capital of the Company. The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the Shareholders' funds of the Group. Shareholders are not required to make any payment to the Company in respect of the Proposed Share Consolidation, and the Proposed Share Consolidation will not cause any changes to the percentage shareholding of each Shareholder, other than non-material changes due to rounding.
- 2.1.7 The Proposed Share Consolidation will not cause any changes to the percentage shareholding of each Shareholder in the Company, other than non-material changes due to rounding.
- 2.1.8 Pursuant to Article 9 of the Articles of Association of the Company, the approval of Shareholders by way of an ordinary resolution is sought for the Proposed Share Consolidation.

2.2 Rationale

With effect from 2 March 2015, the SGX-ST implemented a minimum trading price requirement of S\$0.20 per share for shares of issuers listed on the Mainboard of the SGX-ST as a continuing listing requirement.

- 2.2.1 A one-time transition period of 12 months from 2 March 2015 (i.e. 1 March 2016) will be given to affected issuers to undertake corporate actions to meet the new requirement, and such issuers will only be placed on the watch-list if they are unable to meet the minimum trading price requirement after this 12-month transition period. Issuers which are unable to take steps to raise its minimum trading price and exit the watch-list will be delisted after a 36-month cure period.

LETTER TO SHAREHOLDERS

2.2.2 The Directors believe that the Proposed Share Consolidation will generally be beneficial to the Company and its Shareholders as the Proposed Share Consolidation would facilitate the Company's ability to satisfy the continuing listing requirement imposed by the SGX-ST for issuers listed on the Mainboard of the SGX-ST to have a minimum trading price per share of S\$0.20.

2.2.3 For the past six calendar months up to the Latest Practicable Date, the absolute price of the Shares had traded in a range of between S\$0.124 and S\$0.180. The relevant data, along with the transacted volume of the Shares for each month are as follows:-

	Highest Price⁽¹⁾ (S\$)	Lowest Price⁽²⁾ (S\$)	Volume of traded Shares⁽³⁾ ('000)
October 2014	0.170	0.160	241,410
November 2014	0.180	0.165	692,700
December 2014	0.164	0.138	1,650,000
January 2015	0.144	0.124	897,030
February 2015	0.140	0.131	425,120
1 March 2015 to Latest Practicable Date	0.172	0.132	912,011

Source: Bloomberg

Notes:-

- (1) The highest price was based on the highest closing price for the Shares in a particular month.
- (2) The lowest price was based on the lowest closing price for the Shares in a particular month.
- (3) The volume or traded Shares was based on the total volume of the Shares traded in a particular month.

2.2.4 As at the Latest Practicable Date, the closing market price of the Shares which were traded on the SGX-ST is S\$0.172. Upon completion of the Proposed Share Consolidation, the theoretical share price of each Consolidated Share will be S\$0.86 which complies with the minimum trading price requirement.

2.2.5 Shareholders should note that there is no assurance that the Proposed Share Consolidation will achieve the desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.

2.2.6 The six-month volume weighted average price of each Share for trades done on SGX-ST is S\$0.1496. Upon completion of the Proposed Share Consolidation, the theoretical share price of each Consolidated Share will be S\$0.748 which complies with the minimum trading price requirement.

2.2.7 Shareholders should note that there is no assurance that the Proposed Share Consolidation will achieve the desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.

LETTER TO SHAREHOLDERS

2.3 Conditions for the Proposed Share Consolidation

2.3.1 Pursuant to Article 9 of the Articles of Association of the Company, the implementation of the Proposed Share Consolidation is subject to Shareholders' approval by way of an ordinary resolution at the EGM.

2.3.2 The Proposed Share Consolidation is subject to, *inter alia*, the following:-

- (a) the approval of Shareholders for the Proposed Share Consolidation at the EGM; and
- (b) the receipt of the approval in-principle from the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares on the Mainboard of the SGX-ST.

For the avoidance of doubt, the approval in-principle from SGX-ST shall only be for the listing and quotation of shares arising from the Proposed Share Consolidation.

2.3.3 On 1 April 2015, the Company announced that it had obtained the in-principle approval from the SGX-ST for the listing, and quotation for, up to 1,917,914,826 Consolidated Shares, subject to:-

- (a) Shareholders' approval for the Proposed Share Consolidation at the EGM to be convened; and
- (b) Compliance with the SGX-ST's listing requirements.

2.3.4 The approval by the SGX-ST shall not be taken as an indication of the merits of the Proposed Share Consolidation, the Consolidated Shares, the Company and/or its subsidiaries and their securities.

2.3.5 Announcement(s) will be made by the Company to notify Shareholders of the date when the Proposed Share Consolidation will become effective and the date on which the Consolidated Shares will commence trading on the SGX-ST in board lots of 100 Consolidated Shares (the "**Effective Trading Date**") as well as the Books Closure Date in due course.

2.3.6 Shareholders should note that whilst the Board is seeking Shareholders' approval for the Proposed Share Consolidation, the Directors may decide not to proceed with the Proposed Share Consolidation if the Directors are of the view that, after taking into account all relevant factors, it is not beneficial to the Company and its Shareholders to do so. In such a case, an announcement will be made by the Company to notify Shareholders of the reasons why the Directors have decided not to proceed with the Proposed Share Consolidation.

2.4 Updating of Register of Members and Depository Register

After Shareholders' approval has been obtained from the Proposed Share Consolidation at the EGM to be convened, the Shareholders' entitlements of the Consolidated Shares will be determined on the Books Closure Date, whereupon the Register of Members and the Depository Register will be updated to reflect the number of Consolidated Shares held by Shareholders based on their shareholdings as at 5.00 p.m. in the Company as at the Books Closure Date and the Shares will begin trading in board lots of 100 Consolidated Shares on the Effective Trading Date.

2.4.1 Deposit of Share Certificates with CDP

Shareholders who hold physical share certificates for the Existing Shares in their own names ("**Old Share Certificates**") and who wish to deposit the same with CDP and have their Consolidated Shares credited to their Securities Accounts maintained with CDP must deposit their Old Share Certificates with CDP, together with duly executed instruments of transfer in favour of CDP, no later than 12 Market Days prior to the Books Closure Date.

LETTER TO SHAREHOLDERS

After the Books Closure Date, CDP will only accept the deposit of share certificates for Consolidated Shares (“**New Share Certificates**”). Shareholders who wish to deposit their share certificates with CDP after the Books Closure Date must first deliver their Old Share Certificates to the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, for cancellation and issuance of New Share Certificates in replacement thereof as described below. Upon receipt of the New Share Certificates in their own names, Shareholders may then proceed to deposit these New Share Certificates in their own names with the CDP.

2.4.2 Issue of New Share Certificates

Depositors and Shareholders who have deposited their Old Share Certificates with CDP at least 12 Market Days prior to the Books Closure Date need not take any action. The Company will make arrangements with CDP to effect the exchange for New Share Certificates pursuant to the Proposed Share Consolidation.

Shareholders who have not deposited their Old Share Certificates as aforesaid or who do not wish to deposit their Old Share Certificates with CDP are advised to forward all their Old Share Certificates to the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, as soon as possible after they have been notified of the Books Closure Date for cancellation and exchange for New Share Certificates, and preferably, not later than five (5) Market Days after the Books Closure Date for cancellation and exchange for New Share Certificates. No receipt will be issued by the Share Registrar upon receipt of any Old Share Certificates. The New Share Certificates will be sent by ordinary mail to the registered addresses of Shareholders at their own risk within 10 Market Days from the Books Closure Date or the date of receipt of the Old Share Certificates, whichever is later.

Shareholders are to deliver their respective Old Share Certificates to the Company’s Share Registrar or CDP in accordance with the provisions set out above.

Shareholders should note that New Share Certificates will not be issued to Shareholders unless their Old Share Certificates have already been tendered to the Share Registrar for cancellation.

Shareholders should notify the Share Registrar if they have lost any of their existing Old Share Certificates or if there is any change in their respective addresses from that reflected in the Register of Members.

Shareholders shall deliver their respective Old Share Certificates to the Share Registrar or the CDP in accordance with the provisions set out above, only after the Company’s announcement of Books Closure Date.

2.4.3 Share Certificates Not Valid for Settlement of Trades on the Mainboard of the SGX-ST

Shareholders are reminded that their physical share certificates are not valid for settlement of trading in the Shares on the Mainboard of the SGX-ST, as the Company is under a book-entry (scripless) settlement system. After the date on which the Proposed Share Consolidation becomes effective, their Old Share Certificates will continue to be accepted by the Share Registrar for cancellation and issue of New Share Certificates in replacement thereof for an indefinite period. The New Share Certificates will not be valid for delivery for trades done on the Mainboard of the SGX-ST although they will continue to be prima facie evidence of legal title.

LETTER TO SHAREHOLDERS

2.5 Trading Arrangement for the Shares and Odd Lots

2.5.1 Trading Arrangements for the Shares

Subject to Shareholders' approval of the Proposed Share Consolidation at the EGM, with effect from 9.00 a.m. on the Effective Trading Date, trading in the Shares will be in board lots of 100 Consolidated Shares. Accordingly, five (5) Existing Shares as at 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date will represent one (1) Consolidated Share with effect from 9.00 a.m. on the Effective Trading Date. Trading in the Existing Shares will cease after 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date.

2.5.2 Trading Arrangements for Odd Lots of Consolidated Shares

The Shares are currently traded in board lots of 100 Shares in the ready market. Following the Proposed Share Consolidation, the Securities Accounts of Shareholders (being Depositors) may be credited with odd lots of Consolidated Shares (that is, lots other than board lots of 100 Consolidated Shares). The market for trading of such odd lots of Consolidated Shares may be illiquid. Shareholders (being Depositors) who receive odd lots of Consolidated Shares pursuant to the Proposed Share Consolidation and who wish to trade such odd lots of Consolidated Shares on the SGX-ST should note that odd lots of Consolidated Shares can be traded on the unit share market which, following the Proposed Share Consolidation, would allow trading in odd lots with a minimum size of one Consolidated Share.

The Company will be making an application to the SGX-ST to set up a temporary counter to allow Shareholders to trade in board lots of 1 Consolidated Shares. This temporary counter will be maintained for a period of two (2) months commencing from the Effective Trading Date. Thereafter, Shareholders can trade in odd lots of Consolidated Shares on the SGX-ST unit share market.

3. FINANCIAL EFFECTS

For illustration purposes only and based on the audited consolidated financial statements of the Company for FY2014, the financial effects of the Proposed Share Consolidation on the Group are set out below.

3.1 Assumptions

For the purpose of this Paragraph 3, the following assumptions apply:-

3.1.1 The pro forma financial effects of the Proposed Share Consolidation on the share capital, NTA per Share, EPS and gearing of the Group are set out below and are prepared purely for illustration only and do not reflect the actual future financial situation of the Group after the completion of the Proposed Share Consolidation. The pro forma financial effects have been computed based on the audited consolidated financial statements for FY2014;

3.1.2 The number of Shares for the financial effects relating to the share capital of the Group, NTA per Share and EPS are based on 9,589,292,132 Shares (excluding 282,000 treasury shares) as at 31 December 2014;

3.1.3 For the purposes of computing the effect of the Proposed Share Consolidation on the NTA per Share, it is assumed that the Proposed Share Consolidation had been completed on 31 December 2014; and

3.1.4 For the purposes of computing the effect of the Proposed Share Consolidation on the EPS, it is assumed that the Proposed Share Consolidation had been completed on 1 January 2014.

LETTER TO SHAREHOLDERS

3.2 Share Capital

	As at 31 December 2014	Assuming the issue of the Fudan Consideration Shares ⁽⁵⁾ has not been completed		Assuming the issue of the Fudan Consideration Shares ⁽⁵⁾ has been completed	
		Before the Proposed Share Consolidation	After the Proposed Share Consolidation	Before the Proposed Share Consolidation	After the Proposed Share Consolidation
Issued Share capital (RMB'000)	3,278,603	3,278,603	3,278,603	4,195,721	4,195,721
Issued Share Capital (Number of Shares)	9,589,292,132 ⁽¹⁾	9,589,292,132 ⁽¹⁾	1,917,858,426 ⁽²⁾	11,149,292,132 ⁽¹⁾	2,229,858,426 ⁽²⁾

3.3 NTA

	As at 31 December 2014	Assuming the issue of the Fudan Consideration Shares ⁽⁵⁾ has not been completed		Assuming the issue of the Fudan Consideration Shares ⁽⁵⁾ has been completed	
		Before the Proposed Share Consolidation	After the Proposed Share Consolidation	Before the Proposed Share Consolidation	After the Proposed Share Consolidation
NTA (RMB'000) ⁽³⁾	4,266,347	4,266,347	4,266,347	5,183,465	5,183,465
NTA per Share (RMB cents)	44.49	44.49	222.45	46.49	232.46

3.4 EPS

	As at 31 December 2014	Assuming the issue of the Fudan Consideration Shares ⁽⁵⁾ has not been completed		Assuming the issue of the Fudan Consideration Shares ⁽⁵⁾ has been completed	
		Before the Proposed Share Consolidation	After the Proposed Share Consolidation	Before the Proposed Share Consolidation	After the Proposed Share Consolidation
Earnings attributable to Shareholders (RMB'000)	262,416	262,416	262,416	351,802	351,802
Weighted average number of Shares for basic EPS	9,057,785,283	9,589,292,132	1,917,858,426	11,149,292,132	2,229,858,426
Weighted average number of Shares for diluted EPS	9,176,587,093	9,708,093,942	1,941,618,788	11,268,093,842	2,253,618,788
Basic EPS ⁽⁴⁾ (RMB cents per Share)	2.90	2.74	13.68	3.16	15.78
Diluted EPS (RMB cents per Share)	2.86	2.70	13.52	3.12	15.61

LETTER TO SHAREHOLDERS

Notes:

- (1) Excluding 282,000 treasury shares as at 31 December 2014
- (2) Excluding 56,400 treasury shares and assumed that the fractional entitlement of only 0.4 share is disregarded
- (3) Net tangible assets equal total equity less intangible assets. Excludes goodwill of RMB9.55 million and intangible assets in relation to patent and licensing rights and computer software of RMB1.06 million. Includes operating concessions of RMB1,514.8 million.
- (4) The calculation of EPS is based on the weighted average number of shares in issue during FY2014. For purpose of computing the EPS before and after the Proposed Share Consolidation, it is assumed that the 1,000,000,000 placement shares is completed on 1 January 2014.
- (5) Pursuant to the sale and purchase agreement entered into between the Company, Global Environment Investment Ltd, Global Envirotech Investment Ltd., Global Environment Investment (HK) Limited and Fudan Water Engineering and Technology Co., Ltd entered on 24 March 2015 for the acquisition of the entire issued and paid-up share capital of the Global Envirotech Investment Ltd. ("**Proposed Fudan Acquisition**"), the Company has agreed to, *inter alia*, issue 1,560,000,000 ordinary shares ("**Fudan Consideration Shares**") in the capital of the Company to Global Environment Investment Ltd (and/or its designated nominees). The Fudan Consideration Shares represents approximately 16.3% of the existing issued and paid-up share capital of the Company. As disclosed in the Company's announcement on 24 March 2015, in the event the Proposed Share Consolidation is completed before the issue of the Fudan Consideration Shares, the number and issue price of Fudan Consideration Shares shall be adjusted accordingly.

For the purposes of illustration, the effects of Fudan Consideration Shares on NTA and issued share capital is computed based on issued price of S\$0.132 per share, translated at exchange rate of S\$1:RMB4.4538.

For the purpose of illustration, the Company has assumed that the net total assets of the Proposed Fudan Acquisition approximate its fair value. The actual impact may differ depending on the outcome of the purchase price allocation ("**PPA**"). No adjustments have been made to align any differences that may result from the adoption of different accounting standards and policies by the Group. For the purposes of computing the effect of the Proposed Share Consolidation on the NTA per Share and EPS, it is assumed that a Proposed Fudan Acquisition had been completed on 31 December 2014 and on 1 January 2014 respectively. The net profits attributable to Proposed Fudan Acquisition for the financial year ended 31 December 2014, based on PRC unaudited management accounts, amounted to RMB89.4 million.

3.5 Gearing

The Proposed Share Consolidation will not affect the gearing of the Group.

4. ADJUSTMENTS TO THE SHARES TO BE ISSUED PURSUANT TO THE COMPANY'S CONTRACTUAL ARRANGEMENTS

- 4.1 Pursuant to the share sale and purchase agreement ("**Nanfang SPA**") entered into between the Company, Target Trend Management Ltd., Rise Wealth Investments Ltd., KC & Johnson International Limited, Shenzhen City Bao Jia New Water Co., Ltd., and Nanfang Water Co., Ltd. on 8 June 2012, the Company agreed to allot and issue up to 133,652,038 new ordinary shares in the share capital of the Company ("**Earn-Out Shares**"), subject to the terms and conditions set out in the Nanfang SPA. As at the Latest Practicable Date, as certain covenants and undertakings under the Nanfang SPA have yet to be fulfilled, the Company has withheld the issue of the Earn-Out Shares.
- 4.2 The Earn-Out Shares represents approximately 1.4% of the existing issued and paid-up share capital of the Company.
- 4.3 As the Nanfang SPA currently does not provide for the adjustment of the Earn-Out Shares in the event of a share consolidation, the Company shall enter into discussions with the remaining parties of the Nanfang SPA to make the appropriate adjustments should the issue of the Earn-Out shares take place subsequent to the completion of the Proposed Share Consolidation. Details of such shall be announced in due course upon completion of the Proposed Share Consolidation.

LETTER TO SHAREHOLDERS

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

5.1 Interests of Directors

As at the Latest Practicable Date, the interests of the Directors in the Shares, as recorded in the Register of Directors' Shareholdings of the Company maintained pursuant to Section 164 of the Companies Act, are as follows:-

Directors	Number of Shares		Total ⁽¹⁾ (%)
	Direct Interest	Deemed Interest	
Zhou Jun	–	–	–
Feng Jun	–	–	–
Yang Changmin	75,418,474	–	0.79
Yang Yihua	–	–	–
Xu Zhan	–	–	–
Xu Xiaobing	–	–	–
Yeo Guat Kwang	–	–	–
Tay Ah Kong Bernard	–	–	–
Tan Chong Huat	–	–	–
Tan Gim Soo	–	–	–

Note:-

(1) Based on 9,589,292,132 Shares (excluding 282,000 treasury shares) as at the Latest Practicable Date.

5.2 Interests of Substantial Shareholders

As at the Latest Practicable Date, the interests of the Substantial Shareholders in the Shares, as recorded in the Register of Directors' Shareholdings of the Company maintained pursuant to Section 88 of the Companies Act, are as follows:-

Substantial Shareholder	Number of Shares		Total ⁽¹⁾ (%)
	Direct Interest	Deemed Interest	
Triumph Power Limited (" Triumph ")	3,184,647,757	–	33.21
Shanghai Industrial Holdings Limited (" SIHL ") ⁽²⁾	–	4,012,841,132	41.85
S.I Infrastructure Holdings Limited (" SII ") ⁽²⁾	827,092,375	3,184,647,757	41.84
China Energy Conservation & Environmental Protection (Hong Kong) Investment Co., Limited (" CECEPHK ") ⁽³⁾	1,118,564,586	–	11.66
China Energy Conservation and Environmental Protection Group (" CECEP ") ⁽³⁾	–	1,118,564,586	11.66
Value Partners Limited (" VPL ") ⁽⁴⁾	–	481,096,800	5.01
Value Partners Hong Kong Limited (" VPLHK ") ⁽⁴⁾	–	481,096,800	5.01
To Hau Yin ⁽⁴⁾	–	481,096,800	5.01
Value Partners Group Limited (" VPGL ") ⁽⁴⁾	–	481,096,800	5.01
Cheah Capital Management Limited (" CCML ") ⁽⁴⁾	–	481,096,800	5.01
Cheah Cheng Hye ⁽⁴⁾	–	481,096,800	5.01
Cheah Company Limited (" CCL ") ⁽⁴⁾	–	481,096,800	5.01
BNP Paribas Jersey Trust Corporation Ltd as trustee of The C H Cheah Family Trust ⁽⁴⁾	–	481,096,800	5.01
BNP Paribas Jersey Nominee Company Limited (" BNP Nominee ") ⁽⁴⁾	–	481,096,800	5.01

Notes:-

(1) 9,589,292,132 Shares (excluding 282,000 treasury shares) as at the Latest Practicable Date.

(2) SII and SIHL are deemed to be interested in the Shares held by Triumph as SIHL owns the entire issued share capital of SII and SII owns the entire issued share capital of Triumph. SIHL is also deemed to be interested in the Shares held by its wholly-owned subsidiary, SIHL Treasury Limited, which owns 1,101,000 Shares.

LETTER TO SHAREHOLDERS

- (3) CECEP is deemed to be interested in the Shares held by CECEPHK as CECEP owns the entire issued share capital of CECEPHK.
- (4) VPL is a fund manager deemed to be interested in the Shares of the Company by reason of shares held directly by the funds under its management. VPLHK is deemed to be interested in the shares of the Company via its 100% ownership in VPL. VPGL is deemed to be interested in the Shares of the Company via its 100% ownership in VPLHK. CCML is deemed to be interested in the Shares of the Company via its 27.16% ownership in VPGL. CCL is deemed to be interested in the Shares of the Company via its 100% ownership in CCML. BNP Trust as trustee of the C H Cheah Family Trust is deemed to be interested in the Shares of the Company via its holdings in BNP Nominee. BNP Nominee holds the Shares in CCL as nominee for BNP Trust. To Hau Yin is deemed to be interested in the Shares of the Company in her capacity as the beneficiary of a discretionary trust with BNP Paribas Jersey Trust Corporation Limited ("**BNP Trust**") as the trustee. Cheah Cheng Hye is deemed to be interested in the Shares of the Company in his capacity as the founder of a discretionary trust with BNP Trust as the Trustee.

5.3 None of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Proposed Share Consolidation (other than through their respective shareholdings in the Company).

6. DIRECTORS' RECOMMENDATIONS

The Directors are of the opinion that the Proposed Share Consolidation is in the interests of the Company. Accordingly, they recommend that Shareholders vote in favour of the ordinary resolution in respect of the Proposed Share Consolidation set out in the EGM notice.

7. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out in this Circular, will be held on 27 April 2015 for the purpose of considering and, if thought fit, passing with or without modifications the ordinary resolution set out therein.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

8.1 Appointment of Proxies

Shareholders who are unable to attend the EGM and wishes to appoint a proxy/proxies to attend and vote on their behalf will find enclosed with this Circular, a proxy form ("**Proxy Form**") which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company not less than 48 hours before the time appointed for the holding of the EGM. The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy/proxies if he finds that he is able to do so. In such an event, the Proxy Form will be deemed to be revoked.

8.2 Depositors

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 48 hours before the time fixed for the EGM.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Share Consolidation, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

LETTER TO SHAREHOLDERS

10. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours from the date of this Circular up to and including the date of the EGM:-

- (a) the Memorandum and Articles of Association of the Company; and
- (b) the annual report of the Company for the financial year ended 31 December 2014.

Yours faithfully

For and on behalf of the Board of Directors of
SIIC ENVIRONMENT HOLDINGS LTD.

Feng Jun
Executive Director
10 April 2015

NOTICE OF EXTRAORDINARY GENERAL MEETING

SIIC ENVIRONMENT HOLDINGS LTD.

(Company Registration Number: 200210042R)
(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the shareholders of SIIC Environment Holdings Ltd. (the "**Company**") will be held at Pan Pacific Singapore, Ocean 6, Level 2, 7 Raffles Boulevard, Marina Square, Singapore 039595, on 27 April 2015 at 10 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be convened on the same day and at the same venue), for the purpose of considering and, if thought fit, passing with or without amendment, the ordinary resolution as set out below.

All capitalised terms used in this Notice which are not defined herein shall have the meanings ascribed to them in the circular to shareholders of the Company dated 10 April 2015.

ORDINARY RESOLUTION

THE PROPOSED CONSOLIDATION OF EVERY FIVE (5) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS OF THE COMPANY AS AT THE BOOKS CLOSURE DATED TO BE DETERMINED, INTO ONE (1) CONSOLIDATED SHARE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED (THE "PROPOSED SHARE CONSOLIDATION")

That pursuant to the Articles of Association of the Company, approval be and is hereby given:-

- (a) with effect from the Effective Trading Date, for the proposed consolidation of every five (5) Existing Shares held by Shareholders as at the Books Closure Date into one (1) Consolidated Share in the manner set out in the circular to shareholders of the Company dated 10 April 2015;
- (b) with effect from the Effective Trading Date, any fraction of a Consolidated Share which may arise from the Proposed Share Consolidation pursuant to paragraph (a) above may be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company;
- (c) the Directors be and are hereby authorised to fix the Books Closure Date and the Effective Trading Date in their absolute discretion;
- (d) the Directors be and are hereby authorised to round down all existing shareholdings in the Company to the nearest whole Consolidated Share, and all entitlements to any fractions of a Consolidated Share arising from the Proposed Share Consolidation will be disregarded;
- (e) pursuant to (d), Shareholders who hold less than five (5) Existing Shares as at the Books Closure Date will not be entitled to any Consolidated Shares and will no longer be Shareholders upon completion of the Proposed Share Consolidation; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (f) the Directors and each of them be and is hereby authorised to any and all steps and to do and/or procure to be done any and all acts and things (including without limitation, to approve, sign and execute all such documents which they in their absolute discretion consider to be necessary, and to exercise such discretion as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they and/or he may consider necessary, desirable or expedient in order to implement, finalise and give full effect to this Ordinary Resolution and the Proposed Share Consolidation and/or the matters contemplated herein.

By order of the Board

Feng Jun
Executive Director
10 April 2015

Notes:

1. A shareholder entitled to attend and vote at the Extraordinary General Meeting (the “**Meeting**”) is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a shareholder of the Company.
2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at One Temasek Avenue #37-03 Millenia Tower Singapore 039192 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

PERSONAL DATA PRIVACY

Where a shareholder of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the shareholder discloses the personal data of the shareholder’s proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder’s breach of warranty.

SIIC ENVIRONMENT HOLDINGS LTD.

(Company Registration Number 200210042R)
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. For investors who have used their CPF monies to buy SIIC Environment Holdings Ltd.'s Shares, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

PROXY FORM - EXTRAORDINARY GENERAL MEETING

I/We, _____ (Name) NRIC/Passport No. _____

of _____ (Address)

being a member/members of **SIIC ENVIRONMENT HOLDINGS LTD.** (the "Company") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholding	
			No. of Shares	(%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholding	
			No. of Shares	(%)

or failing the person, or either or both of the persons, referred to above, the Chairman of the Extraordinary General Meeting of the Company ("**EGM**") as my/our* proxy/proxies* to vote for me/us* on my/our* behalf and, if necessary, to demand a poll at the EGM to be held at Pan Pacific Singapore, Ocean 6, Level 2, 7 Raffles Boulevard, Marina Square, Singapore 039595, on 27 April 2015 at 10 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the Annual General Meeting of the Company to be convened on the same day and at the same venue) and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Original Resolution proposed at the EGM as indicated hereunder. If no specific directions as to voting are given or in the event of any other matter arising at the EGM and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her/their* discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick "X" within the box provided)

	For	Against
Ordinary Resolution: To approve the Proposed Share Consolidation		

Dated this _____ day of _____ 2015

Total number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Shareholder(s)
or, Common Seal of Corporate Shareholder

*Delete where inapplicable

IMPORTANT: PLEASE READ NOTES FOR PROXY FORM OVERLEAF



Notes:-

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A shareholder of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a shareholder of the Company.
3. Where a shareholder appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. Completion and return of this instrument appointing a proxy shall not preclude a shareholder from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a shareholder attends the meeting in person, and in such an event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the EGM.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at One Temasek Avenue, #37-03 Millenia Tower, Singapore 039192, not less than 48 hours before the time appointed for the EGM.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. A corporation which is a shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:-

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the shareholder, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 10 April 2015.