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PROPOSED ACQUISITION OF 159,989,376 ORDINARY SHARES IN THE SHARE CAPITAL OF RANHILL WATER (HONG KONG) LIMITED (THE "COMPANY")
(THE "PROPOSED ACQUISITION")

All capitalised terms in this announcement shall, unless otherwise defined herein, have the same meanings ascribed to them in the Term Sheet Announcement (as defined below).

1. INTRODUCTION

The Board of SIIC Environment Holdings Ltd. ("**SIIC**") refers to its announcement dated 1 September 2016 in relation to the proposed acquisition of 60% of the equity interest of Ranhill Water (Hong Kong) Limited (the "**Term Sheet Announcement**"). The Board wishes to announce that the Company has today entered into a sale and purchase agreement (the "**SPA**") with its indirect wholly-owned subsidiary Asia Wisdom Investments Limited (the "**Purchaser**"), Ranhill Water Technologies (Cayman) Limited (the "**Vendor**") and Ranhill Holdings Berhad ("**RHH**"), for the Purchaser to purchase 159,989,376 ordinary shares in the share capital of the Company currently held by the Vendor, representing 60% of the issued and paid-up share capital of the Company (the "**Sale Shares**").

2. RULE 1006 OF THE SGX-ST LISTING MANUAL

The relative figures in relation to the Proposed Acquisition pursuant to Rule 1006 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual ("**Listing Manual**"), based on the audited accounts of SIIC (including its subsidiaries, "**SIIC Group**") for the financial year ended 31 December 2015 and the management accounts of SIIC for the same financial period, are:-

(a)	net asset value of the assets to be disposed of, compared with SIIC Group's net asset value. This basis is not applicable to an acquisition of assets	Not applicable
(b)	net profits[(1)] attributable to the assets acquired or disposed of, compared with SIIC Group's net profits[(1)]	5.76%[(2)]
(c)	aggregate value of the consideration given or received,[(3)] compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares	3.87%[(4)]
(d)	number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
(e)	aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the group's proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable

Notes:

(1) Under Rule 1002(3)(b) of the Listing Manual, "net profits" means profit or loss before income tax, minority interests and extraordinary items.

(2) Based on the net profits attributable to the Sale Shares of approximately RMB30,175,000 and SIIC Group's audited consolidated net profits for the financial year ended 31 December 2015 of approximately RMB523,996,000.

(3) In addition to the total purchase consideration, please refer to section 4 of this announcement for details of further amounts that are payable by SIIC in relation to the Proposed Acquisition.

(4) Based on the total purchase consideration for the Proposed Acquisition of RMB273,900,000 (approximately S$55,938,000) and the market capitalisation of SIIC of approximately S$1,446,473,000 as at 26 September 2016 (being the market day preceding the date of the SPA). Under Rule 1002(5) of the Listing Manual, the market capitalisation of SIIC is determined by multiplying the number of shares in issue (excluding treasury shares) being 2,256,588,726 shares by the weighted average price of S$0.64 of such shares transacted on 26 September 2016 (being the market day preceding the date of the SPA).

As the relative figures under Rule 1006(b) exceeds 5% but does not exceed 20%, the Proposed Acquisition constitutes a "**Discloseable Transaction**" as defined in Chapter 10 of the Listing Manual. Accordingly, shareholders' approval is not required for the Proposed Acquisition.

3. INFORMATION TO BE ANNOUNCED UNDER RULE 1010 OF THE LISTING MANUAL

(1) Particulars of the assets acquired, including the name of any company or business, where applicable

The Company is incorporated under the laws of Hong Kong, and has a paid-up capital of HK$266,648,960 comprising 266,648,960 fully-paid ordinary shares. The principal activities of the Company is to undertake investment holding activities and provision of consultancy, project management, operation and maintenance services relating to wastewater treatment plants.

As of the date of this announcement, the Company is a wholly owned subsidiary of the Vendor, which is a limited liability company incorporated and domiciled in the Cayman Islands. The principal activities of the Vendor are to undertake investment holding activities and provision of consultancy services, project management, engineering, procurement, construction, supply of equipment, operation and maintenance services to both municipal and industrial water, sewerage and wastewater treatment plants.

As of the date of this announcement, 100% of the equity interest in the Vendor is held by Ranhill Holdings Berhad (KLSE:RANHILL), a company listed on the Main Market of Bursa Malaysia since March 2016.

(2) A description of the trade carried on, if any

The principal activities of the Company's subsidiaries in the People's Republic of China include undertaking industrial wastewater treatment services, providing consultancy services on potable water, wastewater technologies and project management, and conducting design, construction and operation of wastewater treatment and environmental protection facilities. Its wastewater treatment services are mainly provided to industrial parks on a basis of concession contracts, with a total design capacity reaching 260,000 ton/day. At present, the projects of the Company's subsidiaries have business in the following locations in the People's Republic of China:

(i) Xiaolan Economic Development Zone, Nanchang City, Jiangxi Province

(ii) Hefei Chemical Industrial Park, Hefei City, Anhui Province

(iii) Xinxiang Industrial Park, Xinxiang City, Henan Province

(iv) Yingkou Economic & Technology Development Zone, Yingkou City, Liaoning Province

(v) Yihuang Industrial Park, Fuzhou City, Jiangxi Province

(vi) Xiatang Heavy Industrial Park, Hefei City, Anhui Province

(vii) Wanzai Industrial Park, Yichun City, Jiangxi Province

(viii) Fuxin Coal Chemical Industrial Base, Fuxin City, Liaoning Province

(ix) Qingtonxia New Material Base Industrial Park, Wuzhong City, Ningxia Autonomous Prefecture

(x) Maoping Industrial Park, Yonxin County, Jian City, Jiangxi Province

In addition, the Company is engaged in a joint venture and holds 37% of the equity interest in Pinang Water Ltd., a company incorporated in the Federal Territory of Labuan, Malaysia, whose principal activities include construction of water-infrastructure projects, water treatment, management and supply of treated water for government, industries, commercial and domestic consumers.

(3) The aggregate value of the consideration, including factors taken into consideration in arriving at it and how it will be satisfied, including the terms of payment

Consideration

The aggregate consideration (the "**Consideration**") for the purchase of the Sale Shares is RMB273,900,000 (equivalent to approximately S$55,938,000[1]), to be satisfied fully in cash.

Terms of Payment of Consideration

The Consideration shall be paid by the Purchaser as follows:

(i) 81.75% of the Consideration (RMB223,900,000) shall be paid by the Purchaser to the Vendor on the **Completion Date** (being the date falling 5 business days after the Conditions Precedent (as defined below) have been fulfilled or waive or such other date as the Parties may mutually agree in writing, and "**Completion**" refers to the completion of the sale and purchase of the Sale Shares); and

(ii) 18.25% of the Consideration (RMB50,000,000) shall be paid by the Purchaser to the Vendor after the Completion Date, subject to the following conditions and in accordance with the following schedule:

a. RMB10,000,000 shall be paid to the Vendor within ten (10) days after the date on which the Purchaser receives a copy of the documents approving the tariff price increase issued by the counterparty of the applicable projects BOT contracts, which evidences that the tariff prices of the Nanchang Xiaolan Phase I 30,000 Tons Industrial Wastewater Treatment BOT Project and Nanchang Xiaolan Phase II 50,000 Tons Industrial Wastewater Treatment BOT Project are increased to no less than RMB1.95 per ton;

b. RMB20,000,000 will be paid to the Vendor within ten (10) days after the date on which Purchaser receives a copy of the BOT contract duly signed for the Nanchang Xiaolan Phase III Project;

c. RMB10,000,000 will be paid to the Vendor within ten (10) days after the date on which Purchaser receives a copy of the documents approving the tariff price increase issued by the counterparty of the project BOT contract, which evidences that the tariff price of the Xinxiang Xiaodian Industrial Park Phase I 50,000 Tons Industrial Wastewater Treatment TOT Project is increased to no less than RMB 0.95 per ton; and

d. RMB10,000,000 will be paid to the Vendor within ten (10) days after the date on which Purchaser receives a copy of the operation contract duly signed for the Xinxiang Xiaodian Industrial Park Reclaimed Water Project.

[1] Based on exchange rate of S$1:RMB4.8965 as at 26 September 2016.

Basis of Consideration

The Consideration was arrived at on a willing-buyer, willing-seller basis, after taking into consideration:

(i) the earnings and growth potential of the Company;

(ii) the value of net assets owned by the Company;

(iii) the Investor's entitlement to 60% of all the undistributed profits of the Company accrued before 30 June 2016, and all undistributed profits accrued from 1 July 2016 to the date of execution of completion of the transfer of the Sale Shares; and

(iv) an independent valuation conducted by the Independent Valuer (as defined below).

For the purpose of the Proposed Acquisition, SIIC has appointed Shanghai International Tendering Co., Ltd.(上海国际招标有限公司) ("**SITC**") as the independent valuer ("**Independent Valuer**") to conduct a desktop fair value estimate range as at 30 June 2016 ("**Valuation Date**").

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction. Fair value estimate is a desktop valuation analysis conducted with limited information without the requirement on the Independent Valuer to independently verify and validate the information provided to them. However, discussions have been held with the management of SIIC and the Company, and the Independent Valuer has reviewed the information provided to them, upon which the valuation analysis is based on.

The Independent Valuer has relied primarily on the assets-based methodology and market comparison to determine the fair value estimate. The Independent Valuer has relied on certain assumptions for its valuation analysis. After due consideration of the key assumptions, limitations and valuation basis, the fair value estimate of all the equity interest of the Company as determined by the Independent Valuer ranges between RMB398.3778million and RMB640.034 million.

(4) Whether there are any material conditions attaching to the transaction, including a put, call or other option and details thereof

The sale and purchase of the Sale Shares is conditional upon the following conditions having been fulfilled (or waived), except for conditions that are to be fulfilled on the Completion Date:

(i) the representations, warranties and undertakings made by the Vendor (the "**Vendor Warranties**" and "**Vendor Warranty**" means any of them) set forth in the SPA shall be true and correct in all material respects as of the Completion Date as though made on and as of such date (except to the extent that any such Vendor Warranty expressly speaks as of an earlier date, in which case such Vendor Warranty shall be true and correct in all material respects as of such earlier date);

(ii) the representations, warranties and undertakings made by the Purchaser (the "**Purchaser Warranties**" and "**Purchaser Warranty**" means any of them) set forth in the SPA shall be true and correct in all material respects as of the Completion Date as though made on and as of such date (except to the extent that any such Purchaser Warranty expressly speaks as of an earlier date, in which case such Purchaser Warranty shall be true and correct in all material respects as of such earlier date);

(iii) the Vendor shall have performed and complied in all material respects with the following covenants and undertakings set out in Clauses 7.1 and 7.2, which include *inter alia*:

a. the Vendor undertakes to the Purchaser to procure that, between the date of the SPA and Completion (both dates inclusive):

   i. each of the Company and its subsidiary undertakings in respect of which the Company is a parent undertaking (collectively, the "**Group**" or "**Group Members**" and any one of them a "**Group Member**") shall preserve and maintain in full force and effect its corporate existence and carry on business in the ordinary course, diligently and responsibly, in a fair and reasonable manner and maintain its operational performance;

   ii. the Vendor shall promptly notify and consult the Purchaser on any matter that could lead to a **Material Adverse Change** in respect of the Group (being any event or matter which triggers or will likely trigger RHH's shareholders' approval requirements pursuant to Chapter 10 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, or anything that has or could reasonably be expected to have or result in a material adverse impact of 3% or more on the consolidated net assets of the Group as a whole);

   iii. the Company shall not, without the prior written consent of the Purchaser,

      1. alter the corporate structure or ownership of the Company or any Group Member (except as contemplated in the SPA);

      2. declare any dividend or make any other distribution to its shareholders;

      3. borrow any money from any third parties, except for project development loans required by certain subsidiary undertakings on fair and reasonable commercial terms and for expenditures that are urgent and necessary, provided that the Purchaser will be notified at least 5 days in advance;

      4. grant any guarantee to any third party and non-wholly owned subsidiaries;

      5. make any material operating decisions or (y) enter into any related party transaction between a Group Member and a non-Group Member, except for operating decisions or related party transactions in respect of certain subsidiary undertakings, as a matter of urgency, on fair and reasonable commercial terms provided that the Purchaser will be notified at least 5 days in advance;

      6. dispose of any of its undertaking, assets or property which value is more than 1% of the net asset value of the Group audited consolidated financial numbers;

      7. acquire any assets for more than RMB1,000,000 in the aggregate, except for project development of certain subsidiary undertakings on fair and reasonable commercial terms and for assets that are urgent and necessary, provided that the Purchaser will be notified at least 5 days in advance; or

      8. enter into any contract or agreement similar to any of the prescribed contracts set out in the SPA;

b. the Vendor shall deliver an updated disclosure letter (the "**Updated Disclosure Letter**") to the Purchaser no later than eight (8) business days prior to Completion; and

c. the Vendor covenants that for the period between the date of the SPA and prior to the Completion Date, the Vendor, RHH and their respective affiliates, agents and representatives shall not enter into any contract, discussion, negotiation or any other dealing with any party (except the discussion with RHH or its affiliates

regarding the Vendor's 40% shares in the Company, any of which shall not be any Sale Share, the "**40% Shares**") regarding the Company's share capital;

(iv) approval by the board of directors of the Vendor in respect of sale and transfer of the Sale Shares by the Vendor to the Purchaser on the terms and subject to the conditions as contemplated in the SPA (the "**Share Transfer**") shall have been obtained;

(v) approval by the board of directors of the Company in respect of the Share Transfer shall have been obtained;

(vi) approval by the shareholders of RHH in respect of the Share Transfer through an extraordinary general meeting shall have been obtained;

(vii) the written waivers or consents from each of Danajamin Nasional Berhad and Maybank Islamic Berhad, in relation to the RM800 million Sukuk issued by Ranhill Capital Sdn Bhd guaranteed by Danajamin Nasional Berhad and Maybank Islamic Berhad, as required under clause 8.2 (d) of the Al-Khafalah Facility Agreement and Bank Guarantee-I Facility Agreement, to enable the Purchaser to be registered as a holder of any and all of the Sale Shares, shall have been received by the Vendor;

(viii) the internal procedures of the Purchaser in respect of the Share Transfer shall have been completed in accordance with the applicable laws (including the relevant listing rules/requirements, state-owned assets evaluation and related filings (excluding tax filings)) and any and all such required approvals shall have been obtained;

(ix) all other consents and approvals required under any and all applicable laws in respect of the Share Transfer and to give effect to the transactions contemplated under the SPA shall have been obtained;

(x) transfer of Ranhill International Trade (Hong Kong) Investment Limited and Ranhill Venture (Hong Kong) Limited from the Company to the Vendor (or other entity designated by the Vendor in its sole discretion) shall have been completed; and

(xi) a copy of the Updated Disclosure Letter shall have been provided to the Purchaser by the Vendor and accepted by the Purchaser in writing.

In relation to the Updated Disclosure Letter, if the Updated Disclosure Letter is satisfactory to the Purchaser, the Purchaser shall accept it in writing no later than five (5) business days prior to Completion; and if the Purchaser, acting reasonably and in good faith, has legitimate grounds that any updated disclosures in such Updated Disclosure Letter would lead to any Material Adverse Change, the Purchaser may inform the Vendor in writing of such grounds no later than five (5) business days prior to Completion ("**Disclosure Notice**"); and immediately after the Vendor receives the Disclosure Notice from the Purchaser, a senior executive representing each of the Vendor and Purchaser respectively shall meet to discuss in good faith if and how to proceed with Completion. If the Vendor and the Purchaser cannot reach an agreement on if and how to proceed with Completion within five (5) business days after the delivery date of the Disclosure Notice, then Completion shall not proceed and the Vendor and Purchaser shall continue to discuss if and how to proceed with Completion. If the Vendor and the Purchaser still cannot reach an agreement on how to resolve the issues relating to the Updated Disclosure Letter, and if and how to proceed the Completion within fifteen (15) business days after the delivery date of the Disclosure Notice, then the Purchaser shall have the right to terminate the SPA.

(5) The value (book value, net tangible asset value and the latest available open market value) of the assets being acquired, and in respect of the latest available valuation the value placed on the assets, the party who commissioned the valuation and the basis and date of such valuation

The net assets of the Company for the financial year ended 31 December 2015 amounted to RMB363,082,000.

(6) The source(s) of funds for the acquisition

The cash Consideration of RMB273,900,000 and the Purchaser's Loan (details of which are set out in paragraph 4 of this announcement) will be funded via borrowings and internal cash resources.

(7) The net profits attributable to the assets being acquired

The net profits attributable to the Sale Shares for the financial year ended 31 December 2015 amounted to approximately RMB30,175,000.

(8) The effect of the transaction on the net tangible assets per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the end of that financial year

Assuming that the Proposed Acquisition had been effected on 31 December 2015, the net tangible assets ("**NTA**") per share of SIIC Group as at 31 December 2015 would be as follows:

	31 December 2015	**After the Proposed Acquisition**
NTA (RMB'000)	5,053,288	5,270,455
Number of shares	2,256,588,726	2,256,588,726
NTA per share (RMB cents)	223.93	233.56

(9) The effect of the transaction on the earnings per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the beginning of that financial year

The financial effect of the Proposed Acquisition on the earnings per share of SIIC for the financial year ended 31 December 2015 assuming that the Proposed Acquisition had been effected on 1 January 2015 would be as follows:

	FY2015	**After the Proposed Acquisition**
Net profit attributable to shareholders (RMB'000)	360,390	386,128
Weighted average number of shares used in the computation of basic earnings per share ("**EPS**")	2,136,917,601[(2)]	2,136,917,601[(2)]
Basic EPS (RMB cents)[(1)]	16.86	18.07

Notes:

(1) Basic EPS is computed based on the weighted average number of shares for the full financial year.

(2) For the purpose of illustration, it is assumed that shares issued during the financial year ended 31 December 2015 were issued on 1 January 2015.

(10) The rationale for the transaction including the benefits which are expected to accrue to the issuer as a result of the transaction

SIIC is of the view that the Proposed Acquisition will be in the best interests of the SIIC Group. The Proposed Acquisition presents an opportunity for the SIIC Group to acquire a profitable business in the industrial wastewater treatment sector and is in line with the SIIC Group's ordinary course of business, with a view to expand the SIIC Group's current business and its landscape, thereby enhancing shareholders' value.

The Company's business focus is on wastewater treatment for industrial parks in the People's Republic of China. Deploying its patented technology, it has extensive expertise in the investment and operation of industrial wastewater treatment projects.

SIIC is also optimistic of the potential and market demand of the effective treatment of industrial water in the People's Republic of China, and the Proposed Acquisition will serve as an opportunity for SIIC and RHH to cooperate and further explore the Southeast Asian market.

(11) Whether any director or controlling shareholder has any interest, direct or indirect, in the transaction and the nature of such interests

None of the directors of SIIC ("**Directors**"), substantial shareholders or controlling shareholders has any interest, direct or indirect, in the Proposed Acquisition.

(12) Details of any service contracts of the directors proposed to be appointed to the issuer in connection with the transaction

No director is proposed to be appointed to SIIC in connection with the Proposed Acquisition.

4. ADDITIONAL KEY TERMS OF THE PROPOSED ACQUISITION

(1) Purchaser Loan

The Vendor has provided shareholder's loans to the Company amounting to an aggregate of US$20,019,606 as at 30 June 2016 (the "**Current Vendor Loan**", the exact amount of which will be subject to the numbers recorded on the Company's books and accounts as of the Completion Date). In addition, the Vendor may from time to time between the date of the SPA and Completion provide shareholder's loan(s) to the Company in addition to the Current Vendor Loan (each a "**Future Vendor Loan**", and collectively with the Current Vendor Loan, the "**Vendor Loan**").

Under the SPA, the Purchaser shall make a similar loan to the Company (the "**Purchaser Loan**") on similar terms and conditions as the Vendor Loan within 15 business days after the Completion Date. The Purchaser Loan is calculated as the product of (i) the amount of the Vendor Loan actually received by the Company and as verified by the Purchaser within 10 business days after the Completion Date; and (ii) one point five (1.5).

(2) Additional consideration in relation to the Yingkou Reclaimed Water Project

The SPA also provides that, in addition to the Consideration, with respect to a reclaimed water project (the "**Yingkou Reclaimed Water Project**") being undertaken by Ranhill (Yingkou) Wastewater Treatment Co Ltd <联嘉（营口）污水处理有限公司> ("**Ranhill (Yingkou)**"):

(i) the Vendor shall promptly deliver a written notice to the Purchaser after Ranhill (Yingkou) enters into a binding water supply agreement in respect of the Yingkou Reclaimed Water Project and supplies the reclaimed water to the reclaimed water buyer(s);

(ii) the Vendor and the Purchaser shall jointly appoint an independent third party valuer to conduct valuation on the Yingkou Reclaimed Water Project ("**Yingkou Valuation**")

as soon as practicable following the receipt by the Purchaser of the notice sent by the Vendor in accordance with the above;

(iii) the Vendor and the Purchaser shall discuss and use good faith efforts to agree to a consideration for the Purchaser to acquire the 60% interest in the Yingkou Reclaimed Water Project based on the Yingkou Valuation ("**Yingkou Consideration**"); and

(iv) the Purchaser shall pay the Yingkou Consideration to the Vendor in accordance with applicable agreement after the Yingkou Consideration is determined by the Vendor and the Purchaser in accordance with the above.

For the avoidance of doubt, the estimated Purchaser Loan amount and the Yingkou Consideration have not been included in the calculation of the estimated Rule 1006(c) relative figure set out in section 2 of this announcement. The SIIC will make the necessary disclosures when details of the Purchaser Loan and the Yingkou Consideration are finalised. For the purposes of compliance with Chapter 10 of the Listing Manual, the SIIC will seek shareholders' approval in due course if necessary.

5. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution in dealing or trading in the shares of SIIC as there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully, and should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

6. DOCUMENT FOR INSPECTION

The SPA is available for inspection during normal business hours at the address of SIIC's registered office at One Temasek Avenue, Millenia Tower #37-02, Singapore 039192 for three (3) months from the date of this announcement.

By Order of the Board

Feng Jun
Executive Director
27 September 2016