



SIIC Environment Holdings Ltd.
Registration No. 200210042R
One Temasek Avenue
#37-03 Millenia Tower
Singapore 039192
Tel: + (65) 6538 2598
Fax: + (65) 6538 2896
www.siicenv.com

PROPOSED PLACEMENT OF 1,000,000,000 ORDINARY SHARES IN THE CAPITAL OF SIIC ENVIRONMENT HOLDINGS LTD. (THE "PLACEMENT")

1. INTRODUCTION

- 1.1 The Board of Directors ("**Directors**") of SIIC Environment Holdings Ltd. ("**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 8 July 2014 entered into a placement agreement ("**Placement Agreement**") with Jefferies Singapore Limited and Credit Suisse (Singapore) Limited (collectively, "**Joint Placement Agents**") pursuant to which the Joint Placement Agents have agreed, on a best effort basis, to procure subscribers for up to 1,000,000,000 ordinary shares ("**Shares**") to be offered by the Company ("**Placement Shares**"), at the placement price of S\$0.158 per Placement Share ("**Placement Price**") and on the terms and subject to the conditions of the Placement Agreement. The Placement Shares will represent approximately 10.43% of the Company's enlarged issue share capital of 9,589,292,132 Shares (excluding treasury shares) immediately after completion of the Placement (assuming the full 1,000,000,000 Placement Shares are placed out pursuant to the Placement). A placement commission of 2.0% of the gross proceeds raised pursuant to the Placement is payable by the Company to the Joint Placement Agents pursuant to the Placement Agreement.
- 1.2 In connection with the Placement, the Company has also entered into a share lending agreement ("**Share Lending Agreement**") with the controlling shareholder of the Company, Shanghai Industrial Holdings Limited ("**SIHL**") pursuant to which SIHL has agreed to lend to the Company, and the Company has agreed to borrow from SIHL, up to 1,000,000,000 Shares ("**Loan Shares**") beneficially held by SIHL ("**Loan**"), for the purpose of facilitating delivery of the Placement Shares in connection with the Placement. The Company intends to return the Shares borrowed from SIHL under the Share Lending Agreement via the issuance and allotment of the New Shares (as defined below) to SIHL, and will be making an application to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the listing and quotation of up to 1,000,000,000 new Shares on the Official List of the SGX-ST ("**New Shares**"). Save for a nominal consideration of S\$1.00, SIHL will not derive any financial benefit, whether directly or indirectly from the share lending arrangement.
- 1.3 Pursuant to the Share Lending Agreement, the Company will return the Loan Shares to SIHL no later than three (3) business days following the earlier of: (i) the date the Loan is terminated in accordance with the terms thereof, or (ii) the date on which the SGX-ST grants its approval-in-principle for the listing and quotation of the New Shares on the Official List of the SGX-ST.
- 1.4 The Placement Shares will be delivered free from all pre-emption rights, charges, liens and other encumbrances and with all rights and benefits attaching thereto save that the Placement Shares will not be entitled to any dividend, rights, allotments or other distributions, the record date of which falls on or before the date of transfer of the Placement Shares.

2. SALIENT TERMS OF THE PLACEMENT AGREEMENT

2.1 Conditions Precedent

The completion of the subscription of the Placement shares of the Placement (“**Completion**”) is conditional upon, *inter alia*:

- (a) the Share Lending Agreement being duly executed by the Company and SIHL and being in full force and effect and not having been breached and the loan of the Loan Shares thereunder not having been terminated;
- (b) the transactions contemplated by the Placement Agreement (including but not limited to the allotment, issue and subscription of the Placement Shares) not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Placement Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to the Company or the Joint Placement Agents;
- (c) the delivery to the Joint Placement Agents on the date of Completion (“**Completion Date**”), of a certificate of no material adverse change, substantially in the form set out in the Placement Agreement, signed on behalf of the Company by its duly authorised officer;
- (d) the delivery of to the Joint Placement Agents on the Completion Date, respective opinions of the legal counsel to the Company and the legal counsel to the Joint Placement Agents, each in form and substance satisfactory to the Joint Placement Agents;
- (e) the representations, warranties and undertakings by the Company in the Placement Agreement remaining true and correct as at the date of the Placement Agreement and as at Completion Date, and the Company having performed all of its obligations thereunder to be performed on or before the Completion Date; and
- (f) there not having occurred, in the reasonable opinion of any of the Joint Placement Agents, any material adverse change in relation to the Company and/or the Group, whether or not arising from transactions in the ordinary course of business, or any other events set out in the Placement Agreement subsequent to the date of the Placement Agreement which, in the reasonable opinion of the Joint Placement Agents, is or is likely to be materially adverse in the context of the Placement or is likely to prejudice materially the success of the Placement or dealings in the Placement Shares.

The Placement Shares shall be offered pursuant to the exemptions under Sections 274 and 275 of the Securities and Futures Act, Chapter 289 of Singapore. Accordingly, the Company will not be required to lodge an offer information statement with the Monetary Authority of Singapore or the SGX-ST in relation to the Placement.

2.2 Placement Price

The Placement Price of S\$0.158 represents a discount of 8.56% to the volume-weighted average price of S\$0.1728 for each share, based on the trades done on the SGX-ST on 7 July 2014, being the preceding market day up to the time the Placement Agreement was signed. A trading halt of the Company's shares was effected on 8 July 2014 pending the signing of the Placement Agreement.

3. RATIONALE FOR PLACEMENT AND USE OF PROCEEDS

When allotted and issued in full, the estimated net proceeds from the Placement due to the Company, after deducting expenses incurred in connection with the Placement, is expected to amount to S\$154.78 million ("**Net Proceeds**").

The Company intends to use the Net Proceeds to finance the Group's business expansion, to enlarge the general working capital of the Group, to repay existing borrowings, and for general corporate purposes. With the proceeds from the Placement, the Group will be better positioned financially to embark on its organic growth such as expansion of subsequent phases and output water quality upgrading works, and seize good business opportunities, including merger and acquisitions and greenfield project opportunities, as and when they come along.

The Company will make periodic announcements as and when the net proceeds from the Placement are materially disbursed and whether such a use is in accordance with the stated use. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

Pending the deployment of the proceeds from the Placement, such proceeds may be placed as short term deposits with financial institutions and/or invested in short term money markets or debt instruments or for any other purposes on a short term basis as the Directors may in their absolute discretion deem fit, from time to time.

The Directors are of the opinion that:

- (a) after taking into consideration the Group's present banking facilities, the working capital available to the Group is sufficient to meet its present requirements; and
- (b) after taking into consideration the Group's present banking facilities and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

In the reasonable opinion of the Directors, no minimum amount must be raised from the Placement.

4. MANDATE FOR THE ISSUE OF THE PLACEMENT SHARES

The New Shares will be issued pursuant to the general mandate given by the shareholders of the Company at the annual general meeting of the Company held on 29 April 2014 for the Company to issue shares and convertible securities.

As at the date of this announcement, the Company has 8,589,292,132 Shares (excluding 282,000 treasury shares). The Placement Shares, when allotted and issued in full, will represent approximately 11.64% of the issued share capital of the Company as at 29 April 2014, approximately 11.64% of the existing issued share capital of the Company, and approximately 10.43% of the enlarged issued and paid-up share capital upon completion of the Placement, assuming all the New Shares are issued.

5. FINANCIAL EFFECTS

As at the date of this announcement, the issued and paid up capital of the Company is RMB2,511,950,000 divided into 8,589,292,132 Shares (excluding 282,000 treasury shares). When allotted and issued in full, the Placement will increase the existing issued and paid-up

share capital of the Company by RMB767,136,114¹, to RMB3,279,086,114¹, divided into 9,589,292,132 Shares (excluding 282,000 treasury shares).

The basic earnings per Share (“**EPS**”) per Share of the Company and its subsidiaries (the “**Group**”) based on the audited accounts of the Group as at 31 December 2013 and the existing issued Shares (excluding treasury shares) is RMB2.72 cents. The EPS of the Group for FY2013, after adjusting for issue of the Placement Shares, assuming that the issuance of the Placement Shares had been effected on 1 January 2013, will be RMB2.30 cents.

The net tangible asset value (“**NAV**”) attributable to owners of the Company per Share (“**NAV to Owners per Share**”) of the Group is based on the audited accounts of the Group as at 31 December 2013 and the existing issued Shares (excluding treasury shares) is RMB31.63 cents. The NAV to Owners per Share of the Group for FY2013, after adjusting for the issue of the Placement Shares, assuming that the issuance of the Placement Shares had been effected on 31 December 2013, will be RMB36.33 cents.

It should be noted that such financial effects are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after completion of the Placement.

6. GENERAL

Save for the issue of the New Shares to SIHL for the return of the Loan Shares, none of the New Shares and the Loan Shares will be placed with any person or groups of persons disallowed by the SGX-ST under the Listing Manual of the SGX-ST.

The Placement would not result in any transfer of controlling interest in the Company.

Save as disclosed above, none of the Directors of the Company have any interest, direct or indirect in the Placement.

Save as disclosed above, the Directors are not aware of any substantial shareholder of the Company having any interest, direct or indirect, in the Placement and have not received any notification of any interest in this transaction from any substantial shareholder.

By Order of the Board

Liu Yujie
Executive Director

8 July 2014

IMPORTANT NOTICE

This announcement is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended. The Company does not intend to register any portion of the offering in the United States or to conduct a public offering of securities in the United States.

¹ Based on the exchange rate of S\$1: RMB4.9563 as at 8 July 2014.