SIIC Environment Holdings Ltd.
Registration No. 200210042R
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PROPOSED PLACEMENT OF 350,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF SIIC ENVIRONMENT HOLDINGS LTD. (THE "PLACEMENT")

1. INTRODUCTION

The Board of Directors (the "**Board**") of SIIC Environment Holdings Ltd. (the "**Company**") wishes to announce that the Company intends to undertake the placement of 350,000,000 new ordinary shares in the capital of the Company (the "**Shares**") to Shanghai Industrial Holdings Ltd. ("**SIHL**") and/or such nominee as may be designated by SIHL, being Triumph Power Limited ("**TPL**") (TPL and/or SIHL being the "**Placee**").

2. THE PLACEMENT

2.1 Placement Agreement

The Company has on 16 January 2017 entered into a placement agreement (the "**Placement Agreement**") with SIHL pursuant to which the Company shall issue up to an aggregate of 350,000,000 Shares (the "**Placement Shares**") at a placement price of S$0.63 (or its equivalent in Hong Kong Dollars or United States Dollars) per Placement Share (the "**Placement Price**") to the Placee.

2.2 Placement Price

2.2.1 The Placement Price of S$0.630 represents a premium of approximately 10.92% to the volume weighted average price of approximately S$0.568 for the trades done on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 13 January 2017, being the last full market day prior to which the Placement Agreement was signed.

2.2.2 The Placement Price was arrived at following arm's length negotiations between SIHL and the Company, taking into account the prevailing Share price and the financial position and prospects of the Company.

2.3 Ranking

The Placement Shares when issued will rank in all respects *pari passu* with the existing issued shares and be free from all pre-emption rights, charges, liens and other encumbrances and with all rights and benefits attaching thereto save that they will not rank for any dividend, rights, allotments or other distributions, the Record Date of which falls on or before the completion of the Placement. For the purposes of this announcement, "**Record Date**" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of shares.

2.4 No placement agent

No placement agent has been appointed in respect of the Placement. Therefore, no commission or referral fees will be paid to any party.

2.5 Private Placement

The offer of the Placement Shares is made pursuant to the exemption under Section 272B of the Securities and Futures Act, Chapter 289 of Singapore. Accordingly, no prospectus or offer information statement will be issued by the Company in connection with the Placement.

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3. DETAILS ON SIHL AND TPL

3.1 Pursuant to the Placement Agreement and subject to the satisfaction of the Conditions Precedent (as defined below), the Placement Shares are to be issued and allotted to SIHL and/or TPL.

3.2 SIHL is a company incorporated in Hong Kong and listed on the Stock Exchange of Hong Kong. SIHL is currently the controlling shareholder of the Company.

3.3 TPL is a company incorporated in the British Virgin Islands. S.I. Infrastructure Holdings Limited ("**S.I. Infrastructure**"), which is a directly wholly owned subsidiary of SIHL, holds all of the shares in TPL.

4. AUTHORITY FOR THE ISSUE OF THE PLACEMENT SHARES

4.1 Pursuant to Rules 812(1)(a) and 812(1)(c) of the Mainboard Rules of the Listing Manual of the SGX-ST (the "**Listing Rules**"), an issue must not be placed to (i) an issuer's substantial shareholders, or (ii) substantial shareholders, related companies (as defined in section 6 of the Companies Act, Chapter 50 of Singapore), associated companies and sister companies of the issuer's substantial shareholders, unless specific shareholders' approval for such a placement has been obtained.

4.2 As SIHL is a substantial shareholder of the Company and TPL is an indirectly wholly-owned subsidiary of SIHL, the issue and allotment of the Placement Shares will be made pursuant to a specific mandate. The Company will be seeking the approval from shareholders of the Company (the "**Shareholders**") for the Placement at an extraordinary general meeting (the "**EGM**") to be convened pursuant to Rule 812(1) and 812(2) of the Listing Rules.

4.3 In accordance with Rule 812(2) of the Listing Rules, S.I. Infrastructure, TPL and SIHL Treasury Limited ("**SIHL Treasury**") shall abstain from voting on the resolution approving the Placement and issuance of the Placement Shares.

5. CONDITIONS PRECEDENT TO THE PLACEMENT

5.1 Completion of the Placement is conditional upon, among others, the following:

(a) the specific approval(s) from the Shareholders for the Placement, as required under the Listing Rules (including (i) Rule 812 of the Listing Rules in relation to the placement of the Placement Shares to the Company's substantial shareholders and/or related companies of the Company's substantial shareholder, and (ii) Chapter 9 of the Listing Rules in relation to the Placement as an interested person transaction), having been obtained (each on terms and conditions acceptable to the Company and the Placee, each acting reasonably) and not being revoked or amended;

(b) the receipt by the Company of an approval in-principle for the listing of and quotation for the Placement Shares on the Mainboard of the SGX-ST (the "**Listing Approval**") having been obtained from the SGX-ST (on terms and conditions acceptable to the Company and the Placee, each acting reasonably) and not being revoked or amended;

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(c) the waiver from the Securities Industry Council (the "**SIC**") in respect of the obligation by the Placee and their concert parties to make a mandatory general offer under Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**") for all the shares in the capital of the Company in issue not already owned, controlled or agreed to be acquired by the Placee and their concert parties as a result of the allotment and issuance of the Placement Shares to the Placee (and/or their concert parties, if any) (the "**Whitewash Waiver**") having been obtained (on terms and conditions acceptable to the Company and the Placee, each acting reasonably) and not being revoked or amended;

(d) the approval of a whitewash resolution from independent Shareholders for the waiver of their rights to receive such a mandatory general offer from the Placee and/or their concert parties pursuant to Rule 14 of the Code;

(e) any conditions attached to the Listing Approval or the Whitewash Waiver which is required to be fulfilled on or before the completion date, having been fulfilled on or before that date to the satisfaction of the SGX-ST or the SIC (as the case may be) unless waived by the SGX-ST or the SIC (as the case may be);

(f) the Placee obtaining the necessary corporate approval(s) and approval(s) from all applicable governmental authorities and/or the Stock Exchange of Hong Kong or such other recognised stock exchanges or share exchanges (the "**Recognised Stock Exchange**") to subscribe for the Placement Shares at the Placement Consideration in accordance with the terms of the Placement Agreement;

(g) the Company or the Placee not in breach of any of the undertakings and covenants given in the Placement Agreement as at the completion date, and if any of such undertakings and covenants are required to be fulfilled on or before the completion date, such undertakings and covenants shall have been fulfilled prior to completion date; and

(h) the Placement 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 or elsewhere which is applicable to the Company or the Placee (including but not limited to the SGX-ST, the SIC, the competent governmental authorities in Hong Kong, and the Recognised Stock Exchange),

(collectively, the "**Conditions Precedent**" and each a "**Condition Precedent**").

5.2 In respect of the Condition Precedent set out in paragraph 5.1(b) above, the Company will be submitting an additional listing application to the SGX-ST. The Company will make the necessary announcement once the Listing Approval has been obtained from the SGX-ST.

5.3 If the Conditions Precedent are not satisfied on or before the date falling 90 calendar days after the date of the Placement Agreement or such other date as SIHL and the Company may agree, the Company and SIHL shall be released and discharged from their respective obligations under th Placement Agreement, save for any rights and liabilities accrued on or prior to such termination.

5.4 Pursuant to the Placement Agreement, the completion date of the Placement shall be the date falling no later than five (5) Business Days after the date of the last of the conditions precedent in the Placement Agreement are satisfied, or such other date as the Company and SIHL may agree in writing.

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6. RATIONALE FOR THE PLACEMENT

6.1 The Company intends to use the Net Proceeds (as defined below) from the Placement to: (i) finance the business expansion of the Company and its subsidiaries (collectively, the "**Group**"); (ii) repay existing borrowings and improve its gearing ratio; (iii) improve its cash flow; (iv) increase working capital; and (v) for general corporate purposes.

The Company intends to further explore ways and/or adopt measures with the objective of boosting its issued share capital and increasing its value.

6.2 The directors of the Company (the "**Directors**") are of the opinion that after taking into consideration the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements.

6.3 The Directors are further of the opinion that after taking into consideration the present bank facilities and Net Proceeds of the Placement, the working capital available to the Group is sufficient to meet its present requirements.

7. USE OF PROCEEDS

7.1 When allotted and issued in full, the estimated net proceeds from the Placement after deducting expenses of approximately S$500,000 incurred in connection with the Placement is expected to amount to approximately S$220,000,000 (the "**Net Proceeds**").

7.2 The Company intends to use the Net Proceeds from the Placement as follows:

(a) approximately S$132,000,000 or 60% of the Net Proceeds to repay existing borrowings and improve its gearing ratio; and

(b) approximately S$88,000,000 or 40% of the Net Proceeds for general corporate purposes (including to finance the business expansion of the Group and for working capital).

7.3 The Company will make periodic announcements as to the use of the Net Proceeds from the Placement as and when such Net Proceeds from the Placement are materially disbursed and whether such use is in accordance with the stated use. Where there is any material deviation from the stated use of the Net Proceeds, the Company will announce the reason(s) for such deviation.

7.4 Pending the deployment of the Net Proceeds from the Placement, such Net 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.

8. FINANCIAL EFFECTS

8.1 As at the date of this announcement, the issued and paid up capital of the Company is S$917,132,691.62 divided into 2,256,588,726 Shares (excluding treasury shares). When allotted and issued in full, the Placement will increase the existing issued and paid-up share capital of the Company by S$220,500,000 to S$1,137,632,691.62, divided into 2,606,588,726 Shares (excluding treasury shares).

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8.2 The financial effects of the Placement on the Group are prepared based on the audited accounts of the Group for the financial year ended 31 December 2015 and the following assumptions:

(i) for purposes of computing the effect of the Placement on the net tangible asset ("**NTA**") per Share of the Group, it is assumed that the Placement had been completed on 31 December 2015; and

(ii) for purposes of computing the effect of the Placement on the equity per Share (the "**EPS**") of the Group, it is assumed that the Placement had been completed on 1 January 2015.

8.3 It should be noted that the financial effects set out below are for illustrative purposes only and do not purport to be an indication or a projection of the results and financial position of the Company and the Group, after completion of the Placement.

	Before the allotment and issue of the Placement Shares	**After allotment and issue of the Placement Shares**
Earnings attributable to Shareholders (S$'000)	79,683	79,683
EPS (Singapore cents)	3.73	3.20
Weighted average number of Shares for calculating EPS	2,136,917,601	2,486,917,601
NTA (S$'000)	1,337,465	1,557,965
NTA per Share (Singapore cents)	59.27	59.77
Number of Shares for calculating NTA per Share	2,256,588,726	2,606,588,726

9. THE PLACEMENT AS AN INTERESTED PERSON TRANSACTION

9.1 Interested Person Transaction

9.1.1 SIHL is a controlling shareholder of the Company as it is deemed interested in all the Shares held by SIHL Treasury [1], S.I. Infrastructure[2] and TPL[3]. SIHL Treasury, S.I. Infrastructure and TPL hold directly in aggregate 847,688,226 Shares, representing 37.56% of the issued share capital of the Company. Accordingly, pursuant to the Listing Rules, 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.

9.1.2 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.

[1] SIHL Treasury is a directly whollly 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 subsdiairy, S.I. Infrastrucutre.

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Shareholder	Number of Shares	% of existing issued share capital of the Company (1)
SIHL Treasury	45,340,200	2.01
S.I. Infrastructure (2)	165,418,475	7.33
TPL	636,929,551	28.22
Total	**847,688,226**	**37.56**

Notes:

(1) Based on the existing issued and paid up share capital of the Company of 2,256,588,726 Shares (excluding treasury 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 35.55% of the issued and paid-up share capital of the Company.

9.1.3 As TPL is an indirectly wholly-owned subsidiary of SIHL, TPL is considered to be an "associate" of SIHL. Therefore, for the purposes of Chapter 9 of the Listing Rules, each of SIHL and TPL would be considered an "interested person" within the meaning of Chapter 9 of the Listing Rules vis-a-vis the Company, which is regarded as an "entity at risk" pursuant to Chapter 9 of the Listing Rules. Accordingly, the Placement constitutes an "interested person transaction" under Chapter 9 of the Listing Rules.

9.2 **NTA**

As at 31 December 2015, 5% of the latest audited consolidated NTA[4] of the Group was approximately S$66,873,238.

9.3 **Shareholders' Approval**

9.3.1 The Placement Consideration of S$220,500,000 for the Placement Shares represents approximately 16.49% of the latest audited consolidated NTA of the Group. Accordingly, as the value of the Placement represents more than 5% of the latest audited consolidated NTA of the Group, approval of the Shareholders will be required for the Placement, in accordance with Chapter 9 of the Listing Rules.

9.3.2 Pursuant to Rule 919 of the Listing Rules, SIHL, TPL and their associates must not vote on the resolution nor accept appointments as proxies unless specific instruction as to voting are given.

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

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9.4 **Total Value of Interested Person Transactions**

For the period from the beginning of the current financial year, save for the Placement, there was no transaction entered into with SIHL or TPL or any other interested person.

9.5 **Independent Financial Adviser and Opinion of Audit Committee**

9.5.1 An independent financial adviser ("**IFA**") will be appointed to provide an opinion on whether the Placement is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders. The IFA's opinion will be included in the circular (the "**Circular**") to be despatched to Shareholders in connection with the EGM to seek Shareholders' approval for the Placement.

9.5.2 The Company's audit committee (the "**Audit Committee**") (comprising Mr Tay Ah Kong Bernard, Mr Yeo Guat Kwang, Mr Tan Chong Huat and Mr Tan Gim Soo) will form its view as to whether the Placement are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders upon receipt of the IFA's opinion referred to in paragraph 9.5.1 above. The Audit Committee's view will be set out in the Circular.

10. THE WHITEWASH WAIVER

The issuance of the Placement Shares to SIHL and/or TPL will result in an obligation on the part of SIHL, TPL (and their concert parties) to make a mandatory offer under Rule 14 of the Code. The Company will seek (i) the approval of the SIC for granting a waiver of SIHL's and TPL's (and their concert parties') obligation to make a mandatory general offer under the Code, for all the Shares not owned, controlled or agreed to be acquired by SIHL, TPL and parties acting in concert with them, and (ii) the approval of a whitewash resolution from independent Shareholders for the waiver of their right to receive such a mandatory offer from SIHL, TPL and parties acting in concert with them, and such other conditions that the SIC may impose which are reasonably acceptable to the Company and SIHL.

11. CIRCULAR TO SHAREHOLDERS

As the Placement is conditional upon the Company having obtained Shareholders' approval(s), the Circular to the Shareholders containing, among others, information on the Placement will be depatched to Shareholders in due course.

12. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

12.1 **Directors' Interests**

12.1.1 Mr Zhou Jun is the Vice Chairman and Chief Executive Officer of SIHL. Mr Feng Jun is the Assistant Chief Executive Officer and Chief Investment Officer of SIHL. Mr Xu Zhan is the Executive Director of SIHL. Mr Xu Xiaobing is the Deputy Chief Executive Officer of SIHL. Save for Mr Zhou Jun who holds 195,000 ordinary shares in SIHL, none of the Directors holds any shares in SIHL (whether directly or indirectly).

12.1.2 No person is proposed to be appointed as a director of the Company in connection with the Placement. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

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12.1.3 Save as disclosed in this announcement and save for any Shares which they may hold, none of the Directors has any interest, direct or indirect, in the Placement.

12.2 **Abstention**

SIHL and TPL will abstain, and will undertake to ensure that their associates (as defined in the Listing Rules) will abstain, from voting on the resolution(s) to be proposed at the EGM to approve the Placement, and the grant of authority to the Directors to allot and issue the Placement Shares. TPL will also decline to accept appointment as proxy for any Shareholder to vote in respect of the resolution, unless the shareholder concerned shall have given instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of the resolution.

12.3 **Interests of Substantial Shareholders**

As stated in paragraph 9.1.1 above, SIHL has a deemed interest (through interests of its subsidiaries) in 847,668,226 ordinary shares of the Company, representing an aggregate of approximately 37.56% of the Company's issued ordinary shares as at the date of this announcement. TPL and S.I. Infrastructure are wholly-owned subsidiaries of SIHL.

Save as disclosed in this announcement, none of the substantial shareholders of the Company has any interest, direct or indirect, in the Placement.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors 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 Placement, the Company and its subsidiaries, and the Directors are 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 Directors 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.

14. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. The Placement is subject to certain conditions. There is no certainty or assurance as at the date of this announcement that the Placement 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.

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15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Placement Agreement are available for inspection at the Company's registered office at One Temasek Avenue, #37-02, Millenia Tower, Singapore 039192 during normal business hours for a period of three (3) months commencing from the date of this announcement.

By Order of the Board

Yang Changmin
Executive Director

16 January 2017