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## **SIIC ENVIRONMENT HOLDINGS LTD.**

### **上海實業環境控股有限公司\***

*(Incorporated in the Republic of Singapore with limited liability)*

**(Hong Kong stock code: 807)**

**(Singapore stock code: BHK)**

## **CONNECTED TRANSACTION SUBSCRIPTION OF NEW SHARES IN LONGJIANG**

Reference is made to the Company's announcement dated 18 July 2018 in respect of the subscription of new shares in Longjiang.

### **COMPLETION**

The Board is pleased to inform the Shareholders that as at the date of this announcement, the Company through the Subsidiaries subscribed for 23,187,500 shares of Longjiang at the consideration of RMB185,500,000. SIHL through its wholly-owned subsidiaries also subscribed for 16,312,500 shares of Longjiang at the consideration of RMB130,500,000.

The shares of Longjiang issued, allotted and subscribed under the Subscription was on a *pro-rata* basis according to the shareholding structure of Longjiang. Following the Subscription, the Company owns, through the Subsidiaries, 208,687,500 shares in Longjiang, representing approximately 57.9687% of the entire issued and paid-up shares of Longjiang, and SIHL owns, through its wholly-owned subsidiaries, 146,812,500 in Longjiang, representing approximately 40.7813% of the entire issued and paid-up shares of Longjiang.

Accordingly, the articles of association of Longjiang has been updated and filing with the relevant authority has been made.

### **HONG KONG LISTING RULES REQUIREMENT**

To comply with the relevant applicable requirements of the Hong Kong Listing Rules, the Company hereby further discloses the following information in respect of the Subscription: -

- **CONSIDERATION**

The consideration of the Subscription was determined with reference to the working capital needs of Longjiang and the proportion of the respective shareholding of the Company. The consideration for the Subscription was funded by the internal resources of the Subsidiaries and was paid in cash.

- **INFORMATION OF THE GROUP**

The Group is principally engaged in wastewater treatment, reclaimed water treatment, sludge treatment, water supply and waste incineration.

- **INFORMATION OF LONGJIANG**

Longjiang is a non-wholly owned subsidiary of the Company and is principally engaged in the business of developing and operating environmental protection-related projects and the construction and operation of water supply networks.

Prior to the Subscription, the Company through the Subsidiaries held approximately 57.9687% and SIHL through its wholly-owned subsidiaries held approximately 40.7813% of the entire issued shares of Longjiang.

- **INFORMATION OF SIHL**

SIHL is principally engaged in the businesses of infrastructure facilities, real estate and consumer products. Its shares are listed on the Main Board of the SEHK (stock code: 363) and is a controlling Shareholder (has the meaning as ascribed under the Hong Kong Listing Rules) of the Company.

- **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

The Subscription was for the purposes of repaying Longjiang's loan and the financial restructuring of Longjiang. The Board considers the Subscription will enhance Longjiang's financial position.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Subscription are on normal commercial terms, fair and reasonable, and the Subscription is in the interests of the Company and the Shareholders as a whole despite that it is not carried out in the ordinary and usual course of business of the Group.

As none of the Directors were considered to have any material interest in the Subscription, none of the Directors were required to abstain from voting for approving the Subscription.

Set out below is the audited financial information of Longjiang for the financial years ended 31 December 2016 and 2017, respectively, prior to the Subscription:

	For the year ended 31 December	
	2016	2017
	RMB'000	RMB'000
Net profit before tax and extraordinary items	189,621	221,273
Net profit after tax and extraordinary items	116,496	176,124

As at 31 December 2017, the net liabilities value of Longjiang was approximately RMB5,190,431,000.

- **IMPLICATION UNDER THE HONG KONG LISTING RULES**

As at the date of the Subscription, SIHL through its wholly-owned subsidiaries was holding approximately 46.67% of the issued share capital of the Company. Therefore, SIHL was the controlling Shareholder and a connected person of the Company.

- **SIHL SUBSCRIPTION**

As at the date of the Subscription, since Longjiang is a non-wholly owned subsidiary of the Company and SIHL was the connected person of the Company, the SIIC Subscription constituted a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. The SIHL Subscription was fully exempt from shareholders' approval, annual review and all disclosure requirements under Rule 14A.92(1) of the Hong Kong Listing Rules because the shares of Longjiang subscribed by SIHL through its wholly-owned subsidiaries were issued and allotted on a *pro-rata* basis according to the shareholding structure of Longjiang.

- **SIIC SUBSCRIPTION**

As at the date of the Subscription, since Longjiang was a non-wholly subsidiary of the Company and was indirectly owned by SIHL approximately 40.7813%, Longjiang was a connected subsidiary and connected person of the Company under Chapter 14A of the Hong Kong Listing Rules and the SIIC Subscription constituted a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules, which was exempt from the circular (including independent financial advice) and shareholders' approval requirements but subject to reporting and announcement requirements under Chapter 14A of the Hong Kong Listing Rules as all of the relevant percentage ratios for the

SIIC Subscription and other connected transaction between the Company and the same connected person during the year ending 31 December 2018, on a standalone and on an aggregate basis, exceeded 0.1% but was less than 5%.

• **DEFINITIONS**

In this announcement, the following terms have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	SIIC Environment Holdings Ltd. (上海實業環境控股有限公司), a company incorporated under the laws of Singapore with limited liability, the shares of which are listed on the Main Board of SGX-ST and the Main Board of the SEHK
“connected person(s)”	has the meaning as ascribed under the Hong Kong Listing Rules
“connected subsidiary”	has the meaning as ascribed under the Hong Kong Listing Rules
“Directors”	directors of the Company
“Gold Orient”	Gold Orient Investments Limited (金誼投資有限公司), a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Grand Sinochn”	Grand Sinochn International Limited (展亞國際有限公司), a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the SEHK, as amended, supplemented or otherwise modified from time to time
“Lingjiang”	Longjiang Environmental Protection Group Co., Ltd. (龍江環保集團股份有限公司), a limited liability company established in the PRC, converted into a joint stock company in 29 September 2010,

	an indirectly owned subsidiary of the Company
“PRC”	the People’s Republic of China
“RMB”	the lawful currency of the PRC
“SEHK”	The Stock Exchange of Hong Kong Limited
“SGX-ST”	the Singapore Exchange Securities Trading Limited
“Shareholder(s)”	holder(s) of the ordinary share(s) of the Company from time to time, with no par value
“SIHL”	Shanghai Industrial Holdings Limited, a limited liability company incorporated in Hong Kong, the shares of which are listed on the Main Board of the SEHK with stock code 363, a controlling Shareholder of the Company
“SIHL Subscription”	SIHL through its wholly-owned subsidiaries subscribed for 16,312,500 shares of Longjiang at the consideration of RMB130,500,000 on 21 September 2018
“SIIC EHS”	SIIC Environment Holdings (Shenzhen) Co., Ltd. (上實環境水務(深圳)有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
“SIIC Subscription”	the Company through the Subsidiaries subscribed for 23,187,500 shares of Longjiang at the consideration of RMB185,500,000 on 21 September 2018
“Singapore”	the Republic of Singapore
“Subscription”	Company through the Subsidiaries and SIHL through its wholly-owned subsidiaries subscribed for 23,187,500 and 16,312,500 shares of Longjiang at the consideration of RMB185,500,000 and RMB130,500,000, respectively, on 21 September 2018
“Subsidiaries”	Gold Orient, Grand Sinochn and SIIC EHS, collectively the wholly-owned subsidiaries of the Company

“0%”

per cent.

By Order of the Board  
**SIIC Environment Holdings Ltd.**  
**Mr. Feng Jun**  
*Executive Director*

Hong Kong, 21 September 2018

*As at the date of this announcement, the non-executive Chairman is Mr. Zhou Jun; the executive Directors are Mr. Feng Jun, Mr. Yang Changmin, Mr. Li Zengfu, Mr. Xu Xiaobing and Mr. Xu Zhan; and the independent non-executive Directors are Mr. Yeo Guat Kwang, Mr. An Hongjun and Mr. Zhong Ming.*

*\* For identification purpose only*