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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)

Discloseable Transaction - Incorporation of a Joint Venture Company for Shanghai Waste-To-Energy Business

INCORPORATION OF THE JV CO

The Board is pleased to inform the Shareholders that as at the date of this announcement, the Company through its indirect 70%-owned subsidiary, SIIC Yangtze Delta (上實環境長三角環保資源(香港)有限公司) together with Baowu Environment (寶武集團環境資源科技有限公司) intended to incorporate the JV Co in the PRC, namely Shanghai SIIC Baojin'gang Environmental Resources Technology Co., Ltd. (上海上實寶金剛環境資源科技有限公司) pursuant to the JV Agreement. The JV Co has been incorporated on 27 September 2019 with a registered capital of RMB1.1 billion with contribution from the Parties as follow:

Parties	Contribution (RMB)	Equity Interest of the JV Co (%)
SIIC Yangtze Delta	660 million	60
Baowu Environment	440 million	40

The JV Co will be principally engaged in construction, maintenance and management of waste incineration power generation projects; service on domestic waste; power supply, gas operation, and heating services for solid waste incineration; business activities of collecting and storing, disposing of hazardous waste; recycling and operating renewable resources; industrial wastewater, leachate, waste gas, and waste slag treatment; noise management; slag sales and processing and sales of slag products and etc. (the “**Business Activities**”).

The contribution made by SIIC Yangtze Delta for the incorporation of the JV Co was wholly satisfied in cash and funded by the internal resources of the Group. The contributions were arrived at following arms' length negotiation factors such as the proportionate risks and rewards to be borne by each of the Parties upon incorporation of the JV Co to undertake the Business Activities.

Following the completion of the proposed incorporation of the JV Co, the JV Co will become an indirect non-wholly owned subsidiary of the Company.

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: -

- **CAPITAL CONTRIBUTION**

Pursuant to the JV Agreement, the registered capital of the JV Company is RMB1.1 billion, of which RMB660 million will be contributed by SIIC Yangtze Delta and RMB440 million will be contributed by Baowu Environment in cash.

The capital contribution was determined with reference to the working capital needs of the JV Co and the proportion of the respective shareholding of the Company. The consideration for the shareholding would be funded by the internal resources of the Group and would be 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 SIIC YANGTZE DELTA**

SIIC Yangtze Delta is an indirect 70%-owned subsidiary of the Company and is principally engaged in potential investment, construction and operation of waste-to-energy (WTE) project opportunities located in Yangtze River Delta, a world-class city cluster in China.

- **INFORMATION OF BAOWU ENVIRONMENT**

Baowu Environment is an independent third party to the Company. As a member of China BAOWU Steel Group Corporation Ltd. (中國寶武鋼鐵集團有限公司), Baowu Environment commits to comprehensive utilization of solid waste and hazardous waste resources and to environmental

protection practices for China BAOWU, with the aim of being a third-party environmental pollution treatment company in both industrial and municipal areas.

- **REASONS FOR AND BENEFITS OF THE INCORPORATION OF THE JV CO**

The Company continually expands its WTE business and intends to incorporate the JV Co to explore potential WTE business opportunities in Shanghai as well as to serve the needs from urban industrial zones in functional transition and escalation. The Directors, including the independent non-executive Directors, are of the view that the terms of the Agreement are on normal commercial terms, fair and reasonable. Accordingly, the Board is of the view that the incorporation of the JV Co is in the interests of the Company and the Shareholders as a whole.

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

As one or more of the applicable percentage ratios in respect of the transaction contemplated under the JV Agreement exceed 5% and all of the percentage ratios are less than 25%, the entering into the JV Agreement and the transaction contemplated thereunder constitute a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

- **FINANCIAL IMPACT OF THE TRANSACTION**

The incorporation of the JV Co is not expected to have a material effect on the net tangible assets or earnings per share of the Group for the financial year ending 31 December 2019.

- **DIRECTORS' RESPONSIBILITY STATEMENT**

The Board collectively and individually accepts full responsibility for the accuracy of the information contained in this announcement and confirms 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 incorporation of the JV Co, the Company and its subsidiaries, and the Board are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Board 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.

- **TRADING CAUTION**

Shareholders of the Company are advised to exercise caution in trading the Shares. There is no

certainty or assurance as at the date of this announcement that no changes will be made to the terms of the JV Agreement. The Company may make the necessary further announcement(s) when there are further developments of the JV Agreement. Shareholders and potential investors of the Company are advised to read this announcement and further announcements made by the Company, if any, carefully. Shareholders of the Company should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

• **DEFINITIONS**

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

“Baowu Environment”	BAOWU Group Environmental Resources Technology Co., Ltd., an independent third party to the Company
“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
“China BAOWU”	China BAOWU Steel Group Corporation Ltd.
“Directors”	directors 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
“JV Agreement”	a joint venture agreement entered into by the Parties on 27 September 2019
“JV Co”	Shanghai SIIC Baojin’gang Environmental Resources Technology Co., Ltd., a company established in the PRC with limited liability

“Parties”	Both SIIC Yangtze Delta and Baowu Environment
“PRC”	the People’s Republic of China
“RMB”	the lawful currency of the PRC
“SEHK”	The Stock Exchange of Hong Kong Limited
“SIIC Yangtze Delta”	SIIC Yangtze Delta Environmental Resources (Hong Kong) Limited, an indirect 70%-owned subsidiary of the Company
“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
“Singapore”	the Republic of Singapore
“%”	per cent.

By Order of the Board
SIIC ENVIRONMENT HOLDINGS LTD.
Mr. Xu Xiaobing
Executive Director

Hong Kong and Singapore, 30 September 2019

As at the date of this announcement, the non-executive Chairman is Mr. Zhou Jun; the executive Directors are Mr. Feng Jun, Mr. Xu Xiaobing, Mr. Xu Zhan, Mr. Huang Hanguang and Mr. Zhao Youmin; and the independent non-executive Directors are Mr. Yeo Guat Kwang, Mr. An Hongjun and Mr. Zhong Ming.

** For identification purpose only*