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上海实业环境控股有限公司

SIIC ENVIRONMENT HOLDINGS LTD.

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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
SUBSCRIPTIONS OF NEW SHARES IN LONGJIANG**

The Subscriptions

The Board is pleased to announce that as at the date of this announcement, the Company through the Subsidiaries completed its subscription of 14,492,175 shares of Longjiang at the consideration of RMB115,937,400.

Defined terms have the meaning set out in paragraph XVII of this announcement below.

SIHL through its wholly owned subsidiaries also completed its subscription of 10,195,325 shares of Longjiang at the consideration of RMB81,562,600.

The shares of Longjiang issued, allotted, and subscribed under the Subscriptions were undertaken on a *pro-rata* basis according to the existing shareholdings of the Company and SIHL in Longjiang. Following the Subscriptions:

- there will be no change to the percentage of effective equity interest and voting power held by the Group in Longjiang as disclosed in the Company's annual report for the year ended 31 December 2020 ("**FY2020**"); and
- the Company continues to own, through the Subsidiaries, approximately 57.9687% of the entire issued and paid-up shares of Longjiang, now comprising 243,468,540 shares; and
- SIHL continues to own, through its wholly owned subsidiaries, approximately 40.7813% of the entire issued and paid-up shares of Longjiang, now comprising 171,281,460 shares.

The articles of association of Longjiang have been updated and submitted to the relevant local authority for record.

SINGAPORE LISTING MANUAL REQUIREMENT

To comply with the relevant applicable requirements of the Listing Manual, the Company hereby further discloses the following information in respect of the Subscriptions: -

I. INTERESTED PERSON TRANSACTION

As at the date of this announcement, SIHL is a "controlling shareholder" of the Company under the Listing Manual as it is deemed to be interested in 1,268,485,926 Shares, representing approximately 49.25% of the total number of the Shares in issue, through its subsidiaries.

A breakdown of the deemed interests in the Shares held by SIHL through its subsidiaries, namely SIHL Treasury, S.I. Infrastructure⁽²⁾ and S.I. TPL, as at the date of this announcement is set out in the table below.

Shareholder	Number of Shares	% of existing issued share capital of the Company⁽¹⁾
SIHL Treasury	116,137,900	4.51
S.I. Infrastructure	165,418,475	6.42
S.I. TPL	986,929,551	38.32
Total	1,268,485,926	49.25

Notes:

- (1) Based on the existing issued and paid up share capital of the Company of 2,575,665,726 Shares as at the date of this announcement.
- (2) S.I. Infrastructure directly holds the entire issued and paid up share capital of S.I. TPL and is deemed interested in the Shares held by S.I. TPL. Accordingly, S.I. Infrastructure has an aggregate (both direct and deemed) interest in 44.74% of the issued and paid-up share capital of the Company (i.e. its direct interest of 6.42% *plus* its deemed interest of 38.32% held by S.I. TPL).

SIIC Subscription: SIHL held an aggregate of 161,086,135 shares representing 40.7813% of the shares in Longjiang prior to completion of the Subscriptions. Longjiang is therefore considered to be an "associate" of SIHL and considered an "interested person" within the meaning of Chapter 9 of the Listing Manual.

SIHL Subscription: The Company, through the Subsidiaries, held an aggregate of 228,976,365 shares representing 57.9687% of the shares in Longjiang prior to completion of the Subscriptions, and Longjiang is a subsidiary of the Company. As SIHL is a controlling shareholder of the Company, it is an "interested person" within the meaning of Chapter 9 of the Listing Manual.

II. NTA

The latest audited consolidated net tangible assets of the Group based on the Company's audited consolidated financial statements for FY 2020 ("**FY2020 NTA**"), was approximately RMB 12.56 billion.

III. RULE 905 AND RULE 906 OF THE LISTING MANUAL

The subscription amount paid by the Group pursuant to the SIIC Subscription of RMB115,937,400 and the value of the SIHL Subscription, together with the aggregate value of all transactions entered into between the Group and the same interested persons during this financial year ending 31 December 2021, represents approximately 1.84 % of the FY2020 NTA.

Accordingly, as the value of the SIIC Subscription does not exceed 3% of the FY2020 NTA, approval of the Shareholders will not be required for the Subscriptions under rule 906 of the Listing Manual.

IV. TOTAL VALUE OF INTERESTED PERSON TRANSACTIONS

For the period from the beginning of the current financial year, save for the Subscriptions, the details of the interested transactions entered into with SIHL or Longjiang or any other interested person of the Company are as follows:

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
SIIC Management (Shanghai) Limited Company	A wholly owned subsidiary of SIHL	RMB 6,350,000	-
Shanghai Luqiao Development Co.,	A wholly owned subsidiary of SIHL	RMB 24,264,250	-

Ltd.			
SIHL Finance Limited	A wholly owned subsidiary of SIHL	RMB 26,946,901	-
Shanghai Shen-Yu Expressway (Shanghai Section) Co., Ltd	A wholly owned subsidiary of SIHL	RMB 4,827,750	-
Shanghai Huning Expressway (Shanghai Section) Development Co., Ltd.	A wholly owned subsidiary of SIHL	RMB 5,000,000	-
Hong Kong Shun Yuen Investment (Holdings) Limited and Topper Gain Group Limited	A wholly owned subsidiary of SIHL	RMB 47,280,779 ⁽¹⁾	-
Total		RMB 114,669,680	-

Notes:

- (1) Calculated as 57.9687% (being the Company's effective interest in Longjiang) of the consideration of the SIHL Subscription of RMB81,562,600. Pursuant to rule 909 of the Listing Manual, the value of the SIHL Subscription is the amount at risk to the Company. Under rule 909(1) of the Listing Manual, in the case of a partly owned subsidiary or associated company, the value of the transaction is the issuer's effective interest in that transaction.

V. OPINION OF AUDIT COMMITTEE

Having reviewed the terms of the SIIC Subscription and the SIHL Subscription, the Company's audit committee, comprising Mr. An Hongjun, Mr. Yeo Guat Kwang and Mr. Zhong Ming, is of the view that each of (i) the SIIC Subscription and (ii) the SIHL Subscription is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

HONG KONG LISTING RULES REQUIREMENT AND OTHER INFORMATION

Further information on the Subscriptions, including information to comply with the relevant applicable requirements of the Hong Kong Listing Rules are as follows: -

VI. CONSIDERATION

The subscription price for the Subscriptions was determined with reference to the working capital needs of Longjiang and the proportion of the respective shareholding of the Company and SIHL in

Longjiang. The consideration for the SIIC Subscription was funded by the internal resources of the Subsidiaries and was paid in cash.

VII. INFORMATION OF THE GROUP

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

VIII. INFORMATION OF LONGJIANG

Longjiang is a non-wholly owned subsidiary of the Company and is principally engaged in the developing and operating water and other relative projects such as sludge treatment facilities.

Prior to the Subscriptions, 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.

IX. 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.

X. REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS

The Subscriptions are for the financial restructuring of Longjiang and reducing its borrowing costs. The Board is of the view that the Subscriptions will enhance Longjiang's financial position.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Subscriptions are on normal commercial terms, fair and reasonable, and the Subscriptions are in the interests of the Company and the Shareholders as a whole.

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

Set out below is the audited financial information of Longjiang for the financial years ended 31 December 2019 and 2020, respectively, prior to the Subscriptions:

	For the year ended 31 December	
	2019	2020
	RMB'000	RMB'000
Net profit before tax and extraordinary items	297,208	302,354
Net profit after tax and extraordinary items	221,766	242,523

As of 31 December 2020, the net liabilities value of Longjiang was approximately RMB5,542,976,000.

XI. IMPLICATION UNDER THE HONG KONG LISTING RULES

As at the date of the Subscriptions, SIHL through its wholly owned subsidiaries was holding approximately 49.25% of the issued share capital of the Company. Therefore, SIHL was the controlling Shareholder and a connected person of the Company.

XII. SIHL SUBSCRIPTION

As at the date of the Subscriptions, since Longjiang is a non-wholly owned subsidiary of the Company and SIHL was a connected person of the Company, the SIHL 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.

XIII. SIIC SUBSCRIPTION

As at the date of the Subscriptions, since Longjiang was a non-wholly subsidiary of the Company and was indirectly owned by SIHL as to 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 the highest percentage ratio (as defined under the Hong Kong Listing Rules) for the SIIC Subscription exceeded 0.1% but was less than 5%.

XIV. DIRECTORS' RESPONSIBILITY STATEMENT

The Board 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 Subscriptions, the Company and its subsidiaries, and the Board is 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 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.

XV. TRADING CAUTION

This announcement and its contents are not an indication of the Company's current or future performance or prospects. Shareholders are advised to exercise caution in dealing in the Shares. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

XVI. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed above as at the date of this announcement, none of the Directors has an interest, direct or indirect, in the Subscriptions, other than their interests in the Shares.

XVII. 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	the Rules Governing the Listing of Securities on the SEHK

Rules”

“Listing Manual”

the Listing Manual of the SGX-ST

“Longjiang”

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 on 29 September 2010, an indirectly owned subsidiary of the Company

“NTA”

net tangible assets, as determined based on total assets less intangible assets, land use rights, investments in subsidiaries and goodwill on consideration

“PRC”

the People’s Republic of China

“RMB”

the lawful currency of the PRC

“S\$”

the lawful currency of Singapore

“S.I. Infrastructure”

S.I. Infrastructure Holdings Limited, a wholly owned subsidiary of SIHL

“S.I. TPL”

S.I. Triumph Power Limited, a wholly owned subsidiary of SIHL

“SEHK”

The Stock Exchange of Hong Kong Limited

“SGX-ST”

The Singapore Exchange Securities Trading Limited

“Share(s)”

issued shares in the capital of the Company

“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”

the subscription by SIHL through its wholly owned subsidiaries, of 10,195,325 shares of Longjiang at the consideration of

RMB81,562,600 on 28 October 2021

“SIHL Treasury”	SIHL Treasury Limited, a wholly owned subsidiary of SIHL
“SIIC Shenzhen”	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 subscription by the Company through the Subsidiaries of 14,429,175 shares of Longjiang at the consideration of RMB115,937,400 on 10 December 2021
“Singapore”	the Republic of Singapore
“Subscriptions”	the SIIC Subscription and the SIHL Subscription collectively
“Subsidiaries”	Gold Orient, Grand Sinochn and SIIC Shenzhen, collectively the wholly owned subsidiaries of the Company
“%”	per cent.

By Order of the Board
SIIC ENVIRONMENT HOLDINGS LTD.
Mr. Yang Jianwei
Executive Director

Hong Kong and Singapore, 10 December 2021

As at the date of this announcement, the non-executive Chairman is Mr. Zhou Jun; the executive Directors are Mr. Yang Jianwei, Mr. Zhu Dazhi, Mr. Xu Xiaobing, 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*