

INCORPORATION OF JOINT VENTURE COMPANY

1. INTRODUCTION

Reference is made to the announcement of SIIC Environment Holdings Ltd. (the **"Company"**, together with its subsidiaries, the **"Group"**) dated 18 January 2019. The board (the **"Board"**) of directors of the Company (the **"Directors"**) wishes to announce that the Company through its subsidiary, Shanghai Fudan Water Engineering Technology Co., Ltd. (**"Fudan"**), together with World Prosperous Investments Limited (**"World Prosperous"**), Shanghai Nanyi Environmental Technology Company Limited (**"Shanghai Nanyi Environmental"**) and Shandong Sanding Company Limited (**"Shandong Sanding"**) (collectively, the **"Parties"**) intends to incorporate a joint venture company, Shen County SIIC Environmental Energy Co., Ltd (the **"JV Co"**) pursuant to a joint venture agreement signed on 18 March 2019 (**"Agreement"**). The JV Co will be incorporated with a registered capital of RMB105 million with contributions from the Parties as follow:

Parties	Contribution (RMB)	Equity Interest of the JV Co (%)
World Prosperous	21 million	20
Fudan	53.55 million	51
Shanghai Nanyi Environmental	25.2 million	24
Shandong Sanding	5.25 million	5

The JV Co will be principally engaged in investment, construction and operation of the Waste-to-energy project with a designed capacity of 1,200 tons/day located in the Circular Economy Industrial Park (山東省莘縣循環經濟產業園) in Shen County, Shandong Province, the PRC (**"Project"**).

The contribution to be made by Fudan for the incorporation of the JV Co will be wholly satisfied in cash and funded by the internal resources of the Group. The contributions were arrived at following arms' length negotiations factors such as the proportionate risks and rewards to be borne by each party upon incorporation of the JV Co to undertake the Project.

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

2. RATIONALE FOR THE INCORPORATION OF THE JV CO

The Company continually expands its waste to energy business and intends to incorporate the JV Co with a view to explore new business opportunities with more partners in waste management sector. The Directors (save for Feng Jun who has abstained from making a recommendation), 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 (save for Feng Jun who has abstained from making a recommendation) is of the view that the incorporation of the JV Co is in the interests of the Company and its shareholders as a whole.

3. INTERESTS IN THE INCORPORATION OF THE JV CO

- 3.1.** Shanghai Industrial Holdings Limited (**"SIHL"**) is a controlling shareholder (as defined in the listing manual (the **"Listing Manual"**) of Singapore Exchange Securities Trading Limited (the **"SGX-ST"**) and Rules (the **"Hong Kong Listing Rules"**) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **"SEHK"**)) of the Company. It is deemed interested in all the

shares of the Company (the “**Share(s)**”) held by SIHL Treasury Limited⁽¹⁾ (“**SIHL Treasury**”), S.I. Infrastructure Holdings Limited⁽²⁾ (“**S.I. Infrastructure**”) and Triumph Power Limited⁽³⁾ (“**TPL**”). SIHL Treasury, S.I. Infrastructure and TPL hold directly in aggregate 1,217,602,926 Shares, representing 46.71% of the issued share capital of the Company. Accordingly, SIHL is deemed to be a “controlling shareholder” of the Company under the Listing Manual as it is interested in more than 15% interest in the issued share capital of the Company and under Hong Kong Listing Rules as it is interested in more than 30% interest in the issued share capital of the Company.

- 3.2.** 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.

Shareholder	Number of Shares	% of existing issued share capital of the Company ⁽¹⁾
SIHL Treasury	65,254,900	2.50
S.I. Infrastructure	165,418,475	6.35
TPL	986,929,551	37.86
Total	1,217,602,926	46.71

Notes:

- (1) Based on the issued and paid up share capital of the Company of 2,606,588,726 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 of Singapore, 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 44.21% of the issued and paid-up share capital of the Company.

- 3.3.** As SIHL, before the incorporation of JV Co, holds an aggregate of 430,253,000 shares representing 17.52% of the issued share capital of Canvest Environmental Protection Group Company Limited which in turn wholly-owns World Prosperous indirectly, World Prosperous will not be considered to be an “associate” of SIHL.
- 3.4.** Save as disclosed above, none of the Directors or controlling shareholders of the Company has any interest, directly or indirectly, in the incorporation of the JV Co.

¹ SIHL Treasury is a directly wholly 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 subsidiary, S.I. Infrastructure.

4. 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.

5. 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.

6. TRADING CAUTION

Shareholders are advised to exercise caution in trading the Shares. There is no certainty or assurance as at the date of this announcement that the incorporation of the JV Co will be completed or that no changes will be made to the terms of the Agreement. The Company may make the necessary further announcement(s) when there are further developments of the Agreement and the incorporation of the JV Co. Shareholders and potential investors of the Company are advised to read this announcement and further announcements made by the Company, if any, 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.

By Order of the Board

Xu Xiaobing
Executive Director

19 March 2019