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SIIC Environment issues HK\$1.612 billion new shares placement To fund expansion in water and environment projects

(October 14, 2013 -- Hong Kong) SIIC Environment Holdings Ltd. ("SI Environment"), a subsidiary of Shanghai Industrial Holdings Ltd ("SIHL") listed on Singapore Exchange Mainboard, announced today the placement of 3.1 billion new shares, priced at S\$0.085 (approximately equivalent to HK\$0.52) per share, raising a total of S\$263.5 million (approximately equivalent to HK\$1.612 billion), to be used to finance SI Environment's business expansion and to enlarge its general working capital.

The issue price of S\$0.085 per share represents a discount of 13.0% to the volume weighted average price for trades done on October 10, 2013, being the last full market day prior to the execution of the subscription agreement.

TPL, an indirectly wholly-owned subsidiary of SIHL, has agreed to subscribe 1.6 billion new shares, at a total consideration of S\$136 million (approximately equivalent to HK\$833 million), to be funded by internal resources. Upon completion of the placement, SIHL's deemed interest in SI Environment will increase from 50.33% to 50.79%.

Other institutional investors who have agreed to subscribe to the new shares placement include Best Investment Corporation (subscribing 660 million shares, post-placement equity interest 7.68%), Dalvey Asset Holding Ltd., a subsidiary of RRJ Capital (subscribing 450 million shares, equity interest 5.24%), CCBI Chengtou (subscribing 240 million shares, equity interest 2.79%), and Newyard Worldwide Holdings (subscribing 150 million shares, equity interest 1.75%).

SIHL subsidiary TPL has an option under the subscription agreement to allocate 350 million shares, at the same issue price, for subscription by China Energy Conservation & Environmental Protection (Hong Kong), a subsidiary of China Energy Conservation and Environmental Group, a state-owned enterprise the key business areas of which cover energy conservation and emission reduction services; environment protection, and clean technology and new energy.

Commenting on the new shares placement, Mr ZHOU Jun, Deputy CEO of SIHL and Executive Chairman of SI Environment said, "We are pleased with the overwhelming response from institutional investors as this underscores the vote of

confidence in our business fundamentals and development potential. In light of higher discharge standards set by the Chinese government, and growing demand for clean water all over the country, our water services business will accelerate its growth in China and deliver higher return for investors.”

Mr Zhou continued, "Apart from strengthening SI Environment's financial position, the new shares placement also paves the way for potential collaborations with our partners. We will be able to leverage on a wider networks to capture future growth opportunities. With the new capital, we will be well positioned to scale greater heights as SI Environment continues to invest in more water and environment projects in China."

Recent acquisition activities under SI Environment, announced in early October, include the acquisition of 70% equity interest in Shanghai Qingpu Second Waste Water Treatment Plant at a consideration of about RMB126 million, and acquisition of 50% equity interest in Shanghai Pucheng Thermal Power Energy at a consideration of RMB530 million.

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