

Press Release

19 October, 2016

Shanghai Industrial Acquires Longjiang Environmental Further Increase Its Market Share in Water Services and Environmental Industry in China

Shanghai Industrial Holdings Limited ("SIHL", Stock Code: 0363) announced its subsidiaries Shun Yuen Investment, Gold Orient and SIIC Environment Shenzhen entered into the Acquisition Agreements with vendors TF Investment, TF Co and Changzhou Wei Run, to acquire approximately 47.89% equity interests in Longjiang Environmental Protection Group Co. Ltd. ("Longjiang Environmental") at a total consideration of RMB1.226 billion, will be all payable by cash. Upon completion of the acquisitions, SIHL's shareholding interests in Longjiang Environmental will be increased to approximately 90% and Longjiang Environmental will become a subsidiary of the Company. This transaction is the largest acquisition in water services industry in China, and also a major breakthrough of the Group's water services business in terms of scale and water treatment capacity.

Longjiang Environmental has about 45% market share in Heilongjiang Province. It is a leading enterprise in the water service sector with competitive advantages in the region. Longjiang Environmental is principally engaged in the business of development and operation of environmental protection related projects and construction and operation of water supply network. Longjiang Environmental operates 41 projects relating to its business and wastewater projects. The company has a total water treatment and supply planned capacity of approximately 3.55 million tons per day and sludge handling design capacity of 1,330 tons per day. Upon completion of the acquisitions, the daily water supply and sewage treatment capacity of SIHL's subsidiary SIIC Environment will exceed 10 million tons.

SIHL's Vice Chairman and CEO stated that the Longjiang Environmental acquisitions represent an important move in respect of the Group's investment in the water services industry in Northeast region in China. In recent years, SIHL has been progressively increasing its shareholding in Longjiang Environmental and investing in the water services industry of Heilongjiang Province. Longjiang Environmental Acquisitions can increase SIHL's market share in the water services industry in China, promote its regional market presence and improve its overall industry position, as well as enhance shareholders' value of the company.

About SIHL

Shanghai Industrial Holdings Limited (“SIHL”, Stock Code: 0363) is the largest overseas conglomerate under Shanghai Industrial Investments (Holdings) Co., Ltd (“SIIC”). As the flagship of the SIIC group of companies, SIHL has been successful in leveraging its Shanghai advantage since listing, in terms of securing the best investment opportunities in Shanghai with full support from the parent company.

Over the past 20 years, SIHL has secured a unique position as a leading red chip company in Hong Kong with three core businesses: infrastructure facilities, real estate and consumer products. SIHL will continue to raise its governance standard in order to create favourable returns and value for shareholders. For more information about SIHL, please visit the company website at www.sihl.com.hk.

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