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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

If you have sold or transferred all your shares in Shanghai Industrial Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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上海實業控股有限公司

SHANGHAI INDUSTRIAL HOLDINGS LIMITED

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 363)

### TERMINATION OF THE EXISTING ASIA WATER EMPLOYEE SHARE OPTION SCHEME AND PROPOSED ADOPTION OF THE NEW ASIA WATER SHARE OPTION SCHEME

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A notice convening the extraordinary general meeting to be held at the Conference Room of the Company at 26th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong on Monday, 23 April 2012 at 11:00 a.m. is set out on pages 38 to 39 of this circular. A form of proxy for use at the meeting is enclosed herewith.

Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the registered office of the Company at 26th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjourned meeting thereof should you so wish.

2 April 2012



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## DEFINITIONS

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*In this circular, the following expressions have the meanings respectively set opposite them unless the context otherwise requires:*

“Asia Water”	Asia Water Technology Ltd., a company incorporated in Singapore with limited liability and a 54.62%-owned subsidiary of the Company
“Asia Water Controlling Shareholder(s)”	a person who (a) holds directly or indirectly fifteen per cent (15%) or more of the nominal amount of all issued voting Asia Water Shares in Asia Water (unless the SGX-ST determines that such a person is not a Asia Water Controlling Shareholder of Asia Water); or (b) in fact exercises control over Asia Water
“Asia Water Director(s)”	the director(s) of Asia Water
“Asia Water Existing Scheme”	the Asia Water Employee Share Option Scheme approved by the then Asia Water Shareholders on 24 January 2005
“Asia Water New Scheme”	share option scheme of Asia Water pending approval of the Shareholders at the EGM and to be approved by the Asia Water Shareholders on 23 April 2012, the rules of which are set out in the Appendix to this circular
“Asia Water Share(s)”	ordinary share(s) in the capital of Asia Water
“Asia Water Share Award Scheme”	the share award scheme of Asia Water, to be approved by the Asia Water Shareholders on 23 April 2012
“Asia Water Shareholder(s)”	holder(s) of the Asia Water Share(s)
“Board”	the board of Directors
“Company”	Shanghai Industrial Holdings Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting to be convened by the Company to consider, and if thought fit, approve the termination of the Asia Water Existing Scheme and adoption of the Asia Water New Scheme
“Group”	the Company and its subsidiaries

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## DEFINITIONS

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“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	29 March 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange
“Participant(s)”	a person who is selected by the remuneration committee of Asia Water to participate in the Asia Water New Scheme in accordance with the terms and conditions as set out in the rules of the Asia Water New Scheme
“S\$”	Singapore dollars
“SGX-ST”	Singapore Exchange Securities Trading Limited
“SGX-ST Listing Rules”	the listing rules of the Catalist board of the SGX-ST as set out in The Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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## LETTER FROM THE BOARD

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**上海實業控股有限公司**

**SHANGHAI INDUSTRIAL HOLDINGS LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 363)**

***Executive Directors:***

Mr. Teng Yi Long (*Chairman*)  
Mr. Cai Yu Tian (*Vice Chairman & Chief Executive Officer*)  
Mr. Lu Ming Fang  
Mr. Zhou Jie (*Executive Deputy CEO*)  
Mr. Qian Shi Zheng (*Deputy CEO*)  
Mr. Zhou Jun (*Deputy CEO*)  
Mr. Qian Yi (*Deputy CEO*)

***Registered Office:***

26th Floor  
Harcourt House  
39 Gloucester Road  
Wanchai  
Hong Kong

***Independent Non-executive Directors:***

Dr. Lo Ka Shui  
Prof. Woo Chia-Wei  
Mr. Leung Pak To, Francis

2 April 2012

*To the Shareholders*

Dear Sir or Madam,

**TERMINATION OF THE  
EXISTING ASIA WATER EMPLOYEE SHARE OPTION SCHEME  
AND PROPOSED ADOPTION OF THE  
NEW ASIA WATER SHARE OPTION SCHEME**

**INTRODUCTION**

The purpose of this circular is to provide you with (i) information regarding the termination of the Asia Water Existing Scheme and the adoption of the Asia Water New Scheme; and (ii) a notice of the EGM.

**TERMINATION OF THE ASIA WATER EXISTING SCHEME**

Asia Water is a 54.62%-owned subsidiary of the Company and is principally engaged in the business of providing water supply and sewage treatment. The Asia Water Existing Scheme was adopted by the then Asia Water Shareholders on 24 January 2005. Pursuant to the Asia Water Existing Scheme, the Asia Water Directors were authorised to grant to eligible participants options to subscribe for Asia Water Shares. As at the Latest Practicable Date, there was an aggregate of 16,700,318 outstanding and unexercised options granted under the Asia Water Existing Scheme to 32 participants. There were no options granted to Asia Water Directors or to Asia Water Controlling Shareholders and their associates (has the

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## LETTER FROM THE BOARD

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meaning ascribed to it under the SGX-ST Listing Rules). There was no exercise of options under the Asia Water Existing Scheme. The options above were granted pursuant to the rules of the Asia Water Existing Scheme, and were/are not subject to any other conditions.

The Asia Water Existing Scheme is due to expire on 23 January 2015 and was proposed to be terminated by Asia Water on 23 April 2012. The Asia Water New Scheme is subject to the approval of the Shareholders and Asia Water Shareholders. An ordinary resolution will be proposed at the EGM to approve the adoption of the Asia Water New Scheme.

Following the termination of the Asia Water Existing Scheme, all outstanding and unexercised options as aforesaid will continue to be effective and exercisable according to the terms of the Asia Water Existing Scheme. Details to options granted under the Asia Water Existing Scheme are as follows:

Date of grant	Number of options granted	Exercise price	Number of options exercised	Number of options lapsed or cancelled	Number of options outstanding
14 August 2007	29,830,505 <sup>(1)</sup>	S\$0.665 (Adjusted to S\$0.09)	Nil	13,130,187	16,700,318

*Note:*

- (1) Includes additional options which were issued pursuant to adjustments made in accordance with the terms of the Asia Water Existing Scheme.

### ADOPTION OF THE ASIA WATER NEW SCHEME

The Company believes that it is timely and desirable for a new share option scheme to be implemented by Asia Water. The Company recognises that in order to maintain the Group's competitiveness and for the Group to build sustainable businesses in the long term, the Company must be able to continue to attract, motivate, reward and maintain a core group of directors, executives and employees. Thus, the Company is proposing to introduce the Asia Water New Scheme, which will be known as the "Asia Water Share Option Scheme 2012" as a new share option scheme of Asia Water.

The Company believes that by adopting the Asia Water New Scheme, the Company will have greater flexibility in tailoring reward and incentive packages suitable for Participants and aligning Participants' interests with those of Asia Water Shareholders. The Company believes that this will in turn inculcate in Participants a stronger and more lasting sense of identification with the Group, and further strengthen the Company's competitiveness in attracting and retaining talented employees, especially employees who have the requisite knowledge, technical skills and experience whom the Company believes could contribute to the development and growth of the Group.

Further, the Asia Water New Scheme is aimed at enticing talented employees who have the requisite knowledge, technical skills and experience to join the Group, which will in turn contribute towards the success and development of the Group.

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## LETTER FROM THE BOARD

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The shares to be issued upon an exercise of the options granted under the Asia Water New Scheme will be Asia Water Shares, not the Company's Shares.

As at the Latest Practicable Date, 5,055,947,517 Asia Water Shares were in issue. Assuming that the number of issued Asia Water Shares remain unchanged on the date on which the Asia Water New Scheme is approved by the Asia Water Shareholders, the total number of Asia Water Shares which may be issued upon exercise of all options to be granted under the Asia Water New Scheme and any other schemes of Asia Water must not in aggregate exceed 505,594,751, as stipulated in Note 1 to Rule 17.03(3) of the Listing Rules.

Subject as provided in rules 8 and 9 of the rules of the Asia Water New Scheme, an option granted under the Asia Water New Scheme shall be exercisable (in whole or in part) during the exercise period (which shall commence after the 1st anniversary of the date on which such option is offered and expire on the 5th anniversary of such date) applicable to that option, and in accordance with the vesting schedule and the conditions (if any) applicable to that option.

The Directors consider that it is not appropriate to state the value of all options that may be granted pursuant to the Asia Water New Scheme as if they had been granted on the Latest Practicable Date, because the calculation of the value of the options is based on a number of variables such as the exercise price, exercise period, interest rate, expected volatility and other relevant variables. As no option has been granted under the Asia Water New Scheme, certain variables are not available for calculating the value of the options. The Directors believe that any calculation of the value of the options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful to the Shareholders.

None of the Directors is a trustee of the Asia Water New Scheme or has a direct or indirect interest in any such trustee.

The rules of the Asia Water New Scheme are set out in the Appendix of this circular. A copy of the Asia Water New Scheme will also be available for inspection at the head office and principal place of business of the Company at 26th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong during normal business hours from the date of this circular up to and including the date of the EGM.

The Asia Water New Scheme is subject to the passing of an ordinary resolution by the Shareholders approving its adoption at the EGM and the approval of the Asia Water Shareholders. To the extent that the Directors are aware having made all reasonable enquiries, none of the Shareholders is required to abstain from voting on the resolution in relation to the adoption of the Asia Water New Scheme to be proposed at the EGM. An announcement on the poll results of the EGM will be announced by the Company in accordance with the requirements under the Listing Rules.

The Asia Water Share Award Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules.

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## LETTER FROM THE BOARD

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With respect to the operations of the Asia Water New Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

### EGM

The Company will convene the EGM for the purpose of, inter alia, seeking approval from the Shareholders on the adoption of the Asia Water New Scheme. Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the EGM must be taken by poll.

A notice convening the EGM to be held at the Conference Room of the Company, 26th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong on Monday, 23 April 2012 at 11:00 a.m. is set out on pages 38 to 39 of this circular. Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or at any adjournment thereof) should you so desire.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

### RECOMMENDATION

The Directors consider that the adoption of the Asia Water New Scheme is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM.

### GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular, which is a reproduction of the rules of the Asia Water New Scheme.

Yours faithfully,  
By order of the Board  
**Shanghai Industrial Holdings Limited**  
**Teng Yi Long**  
*Chairman*



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## **APPENDIX    RULES OF THE ASIA WATER SHARE OPTION SCHEME 2012**

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### **1.    NAME OF THE ESOS 2012**

The ESOS 2012 shall be called the “Asia Water Share Option Scheme 2012”.

### **2.    DEFINITIONS**

2.1 In the ESOS 2012, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Act”	The Companies Act, Chapter 50 of Singapore Ordinance, as amended or modified from time to time
“Aggregate Subscription Cost”	The total amount payable for Shares which may be acquired on the exercise of an Option
“Associated Company”	A company in which at least twenty per cent (20%) but not more than fifty per cent (50%) of its shares are held by the Company and/or the Subsidiaries, or a subsidiary of such company, and over whose management the Company has control over
“Auditors”	The auditors of the Company for the time being
“CDP”	The Central Depository (Pte) Limited
“Commencement Date”	The date on which the ESOS 2012 is adopted by the Company after the approvals by its shareholders and the SIHL Shareholders in general meeting
“Committee” or “Remuneration Committee”	The Remuneration Committee of the Company, comprising Directors of the Company duly authorised and appointed by the Board of Directors of the Company to administer the ESOS 2012
“Company”	Asia Water Technology Ltd.
“Controlling Shareholder”	A person who:–  (a) holds directly or indirectly fifteen per cent (15%) or more of the nominal amount of all voting shares in the company; or  (b) in fact exercises control over a company

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**APPENDIX     RULES OF THE ASIA WATER SHARE OPTION SCHEME 2012**

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“CPF”	Central Provident Fund
“Date of Offer”	In relation to an Option, the date on which the Option is offered pursuant to Rule 6.1
“Director”	A director of the Company for the time being
“ESOS 2012”	This Asia Water Share Option Scheme 2012, as the same may be modified or altered from time to time
“Exercise Period”	The period for the exercise of an Option, being a period commencing after the 1st anniversary of the Date of Offer and expiring on the 5th anniversary of such Date of Offer, subject as provided in Rules 8 and 9 and to any other conditions as may be determined by the Committee from time to time, provided always that any conditions that may be determined by the Committee as aforesaid shall not be to the advantage of a Participant except with such approvals as may be required pursuant to Rule 13
“Group”	The Company, its Subsidiaries and Associated Companies
“Group Employee”	A full-time employee of the Group (including any Group Executive Director)
“Group Executive Director”	A Director from time to time of the Group, holding office in an executive capacity in the Group
“Group Non-Executive Director”	A Director (including an independent Director) from time to time of the Group, other than a Group Executive Director
“HK”	Hong Kong, Special Administrative Region of the PRC
“HKEx”	The Stock Exchange of Hong Kong Limited
“HKEx Associates”	Associates as defined in the HKEx Listing Rules, namely:  (a) in relation to an individual means:–  (i) his spouse;

- (ii) any child or step-child, natural or adopted, under the age of 18 years of such individual or of his spouse (together with (a)(i) above, the “**family interests**”);
  - (iii) the trustees, acting in their capacity as such trustees, of any trust of which he or any of his family interests is a beneficiary or, in the case of a discretionary trust, is (to his knowledge) a discretionary object; and
  - (iv) any company in the equity capital of which he, his family interests, and/or any of the trustees referred to in (a)(iii) above, acting in their capacity as such trustees, taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Hong Kong Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any other company which is its subsidiary; and
- (b) in relation to a company means:–
  - (i) any other company which is its subsidiary or holding company or is a fellow subsidiary of any such holding company;
  - (ii) the trustees, acting in their capacity as such trustees, of any trust of which the company is a beneficiary or, in the case of a discretionary trust, is (to the company’s knowledge) a discretionary object; and

(iii) any other company in the equity capital of which the company, such other companies referred to in (b)(i) above, and/or any of the trustees referred to in (b)(ii) above, acting in their capacity as such trustees, taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Hong Kong Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the board of directors and any other company which is its subsidiary;

(c) Insofar as a depositary is acting in its capacity as a depositary for depositary receipts, it shall not be treated as an associate of holders of the depositary receipts for the purposes of (a) and (b) merely by reason of the fact that it is holding the shares of the HKEx issuer for the benefit of the holders of the depositary receipts.

“HKEx Listing Rules”

The Rules Governing the Listing of Securities on the HKEx, as amended, modified or supplemented from time to time

“Holding Company”

A company (whether incorporated within or outside Singapore and wheresoever resident) being a holding company for the time being of the Company within the meaning of Section 5 of the Act

“Listing Manual”

The Listing Manual Section B: Rules of Catalist of the SGX-ST as the same may be amended, varied or supplemented from time to time

“Market Day”

A day on which the SGX-ST is open for trading of securities

“Offeree”

The person to whom an offer of an Option is made

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**APPENDIX    RULES OF THE ASIA WATER SHARE OPTION SCHEME 2012**

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“Option”	The right to subscribe for Shares granted or to be granted pursuant to the ESOS 2012 and for the time being subsisting
“Parent Group”	The Ultimate Holding Company and the Holding Company of the Company and/or their Subsidiaries
“Parent Group Employee”	A full-time employee of a Parent Group (including any Parent Group Executive Director)
“Parent Group Executive Director”	A Director from time to time of a Parent Group, holding office in an executive capacity in a Parent Group
“Parent Group Non-Executive Director”	A Director (including an independent Director) from time to time of a Parent Group, other than a Parent Group Executive Director
“Participant”	A person who is selected by the committee to participate in the ESOS 2012 in accordance with the terms and conditions as set out in the rules of the ESOS 2012
“SGX-ST”	Singapore Exchange Securities Trading Limited (including any successor entity or body)
“Shares”	Ordinary shares in the capital of the Company
“SIHL”	Shanghai Industrial Holdings Limited (上海實業控股有限公司), a Holding Company of the Company as at the date of adoption of the ESOS 2012 and whose shares are listed on the HKEx
“SIHL Chief Executive”	A person who either alone or together with one or more other persons is or will be responsible under the immediate authority of the board of directors for the conduct of the business of SIHL
“SIHL Directors”	The directors of SIHL for the time being

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**APPENDIX    RULES OF THE ASIA WATER SHARE OPTION SCHEME 2012**

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“SIHL Substantial Shareholders”	In relation to a company, means a person (including a holder of depositary receipts) who is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of SIHL provided always that a depositary shall not be a substantial shareholder merely by reason of the fact that it is holding shares of SIHL for the benefit of the holders of depositary receipts
“SIHL Shareholders”	Shareholders of SIHL
“Subscription Price”	The price at which a Participant shall subscribe for each Share upon the exercise of an Option as determined in accordance with Rule 7, and any adjustment made pursuant to Rule 11
“Subsidiaries”	A company (whether incorporated within or outside Singapore and wheresoever resident) being a subsidiary for the time being of the Company within the meaning of Section 5 of the Act and “Subsidiary” shall be construed accordingly
“Trading Day”	A day on which the Shares are traded on the SGX-ST
“Ultimate Holding Company”	A company (whether incorporated within or outside Singapore and wheresoever resident) being an ultimate holding company for the time being of the Company within the meaning of Section 5A of the Act
“Vesting Schedule”	In relation to an Option, a schedule for vesting of Shares comprised in that Option during the Exercise Period in relation to that Option to be determined by the Committee on the Date of Offer of that Option
Currencies, units of measurements and others	
“HK\$”	Hong Kong dollars
“S\$”	Singapore dollar and cents, respectively
“%”	Percentage or per centum

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## **APPENDIX    RULES OF THE ASIA WATER SHARE OPTION SCHEME 2012**

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2.2 For the purposes of the ESOS 2012:

- (a) in relation to a company (including, where the context requires, the Company), “control” means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of that company;
- (b) in relation to the Company, references to a controlling shareholder thereof shall mean an individual who is a controlling shareholder at the relevant time; and
- (c) the terms “controlling shareholder” and “associate” (in relation to a controlling shareholder), shall have the meanings respectively assigned to them in the Listing Manual (or other equivalent listing rules for the time being of the SGX-ST).

2.3 Any reference in the ESOS 2012 to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act and used in these Rules shall have the meaning assigned to it under the Act.

2.4 Words importing the singular number shall include the plural number where the context admits and vice versa. Words importing the masculine gender shall include the feminine gender where the context admits.

2.5 Any reference to a time of day shall be a reference to Singapore time.

### **3.    OBJECTIVES OF THE ESOS 2012**

The ESOS 2012 is a share incentive scheme. The ESOS 2012 is proposed on the basis that it is important to retain and to give recognition to Group Employees and Parent Group Employees, and to give recognition to Group Non-Executive Directors and Parent Group Non-Executive Directors who have contributed to the success and development of the Company and/or the Group. The ESOS 2012 will give such persons an opportunity to have a real and personal direct interest in the Company and to align the interests of such persons with those of the shareholders of the Company.

### **4.    ELIGIBILITY OF PARTICIPANTS**

4.1 Any of the following persons shall be eligible to participate in the ESOS 2012, at the absolute discretion of the Committee:

- (i) Group Employees who have attained the age of twenty-one (21) years as at the Date of Offer;
- (ii) Group Executive Directors;
- (iii) Group Non-Executive Directors (including independent Directors) who, in the opinion of the Committee, have contributed to the success and development of the Group;

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## **APPENDIX     RULES OF THE ASIA WATER SHARE OPTION SCHEME 2012**

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- (iv) Parent Group Employees who have attained the age of twenty-one (21) years as at the Date of Offer and who, in the opinion of the Committee, have contributed to the success and development of the Group; and
  - (v) Parent Group Executive Directors and Parent Group Non-Executive Directors who, in the opinion of the Committee, have contributed to the success and development of the Group.
- 4.2 Persons who are Controlling Shareholders or their Associates may participate in the ESOS 2012, if they meet the eligibility criteria set forth in Rule 4.1, and:
- (i) written justification has been provided to Shareholders for their participation at the introduction of the ESOS 2012 or prior to the first grant of Options to them;
  - (ii) the actual number and terms of any Options to be granted to them have been specifically approved by independent Shareholders in a general meeting in separate resolutions for each such Controlling Shareholder or his Associates;
  - (iii) all conditions for their participation in the ESOS 2012 as may be required by the regulation of the SGX-ST from time to time are satisfied;
  - (iv) the aggregate of the number of Shares comprised in Options granted to Controlling Shareholders or Associate(s) of Controlling Shareholders under the ESOS 2012 shall not exceed twenty-five per cent (25%) of the total number of Shares (comprised in Options and/or share awards) which may be granted under the ESOS 2012 and/or share awards granted under the Asia Water Employee Share Award Scheme or such other share-based incentive schemes of the Company; and
  - (v) the aggregate of the number of Shares comprised in Options granted to each Controlling Shareholder or Associate(s) of a Controlling Shareholder shall not exceed ten per cent (10%) of the total number of Shares (comprised in Options and/or share awards) which may be granted under the ESOS 2012 and/or share awards granted under the Asia Water Employee Share Award Scheme or such other share-based incentive schemes of the Company.
- 4.3 Persons who are Parent Group Employees and Parent Group Non-Executive Directors may participate in the ESOS 2012, if they meet the eligibility criteria set forth in Rule 4.1, and:
- (i) written justification has been provided to Shareholders for their participation at the introduction of the ESOS 2012 or prior to the first grant of Options to them;
  - (ii) a grant of Options to a Participant who is a Parent Group Employee or Parent Group Non-Executive Director, where the number of Shares comprised in Options to be granted together with the number of Shares comprised in Options and/or share awards already granted to the said Participant under the ESOS 2012 and/or share awards granted under the Asia Water Employee Share Award Scheme or such other share-based incentive schemes of the Company, represent five per cent



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## **APPENDIX    RULES OF THE ASIA WATER SHARE OPTION SCHEME 2012**

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(5%) or more of the total number of Shares (comprised in Options and/or share awards) which may be granted under the ESOS 2012 and/or share awards granted under the Asia Water Employee Share Award Scheme or such other share-based incentive schemes of the Company to Parent Group Employees and Parent Group Non-Executive Directors, shall be approved by independent Shareholders in a general meeting in separate resolutions for each such Parent Group Employee or Parent Group Non-Executive Director;

(iii) all conditions for their participation in the ESOS 2012 as may be required by the regulation of the SGX-ST from time to time are satisfied; and

(iv) the aggregate of the number of Shares comprised in Options granted to Parent Group Employees and Parent Group Non-Executive Directors under the ESOS 2012 shall not exceed twenty per cent (20%) of the total number of Shares (comprised in Options and/or share awards) which may be granted under the ESOS 2012 and/or share awards granted under the Asia Water Share Award Scheme or such other share-based incentive schemes of the Company.

4.4 For the purposes of this paragraph, the secondment of a Group Employee from one company within the Group to another company within the Group shall not be regarded as a break in his employment or him having ceased by reason only of such secondment to be a full-time employee of the Group.

4.5 There shall be no restriction on the eligibility of any Participant to participate in any other Share option schemes or Share award schemes implemented or to be implemented by the Company or any other Company within the Group.

4.6 The number of Shares comprised in Options to be offered to an Offeree in accordance with the ESOS 2012 shall be determined at the absolute discretion of the Committee, who shall take into account, criteria such as his rank, performance, years of service and potential for future development, and, his contribution to the success and development of the Group.

### **5.    LIMITATIONS UNDER THE ESOS 2012**

5.1 The aggregate number of Shares over which the Committee may grant Options on any date, when added to the number of Shares issued and issuable in respect of all Options granted under the ESOS 2012 and any other share-based incentive schemes of the Company, shall not exceed fifteen per cent (15%) of the issued share capital of the Company (excluding treasury shares) from time to time.

5.2 Further, so long as the Company remains a subsidiary of SIHL:

(i) the total number of New Shares which may be issued upon exercise of all Options to be granted under the ESOS 2012 and any other share-based incentive schemes (but excluding the Asia Water Share Award Scheme) must not in aggregate exceed

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## **APPENDIX     RULES OF THE ASIA WATER SHARE OPTION SCHEME 2012**

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10% of the Shares in issue as at the date of adoption of the ESOS 2012 by the Company. Options lapsed in accordance with the terms of the ESOS 2012 will not be factored in for the purpose of calculating the 10% limit; however

- (ii) notwithstanding (i) above, but subject to Rule 5.1, SIHL may seek the approval of the SIHL Shareholders in general meeting to refresh the 10% limit. However, the total number of Shares which may be issued upon exercise of all Options, together with the Shares issued and to be issued under other share-based incentive schemes (but excluding the Asia Water Share Award Scheme), under the limit as refreshed must not exceed 10% of the Shares in issue as at the date of approval of the refreshing of the limit. Options previously granted under the ESOS 2012 (including those outstanding, cancelled, lapsed in accordance with the ESOS 2012 or exercised Options) will not be counted for the purpose of calculating the limit as refreshed; and
- (iii) SIHL may seek separate approval by its shareholders in general meeting for granting Options beyond the 10% limit provided the Options in excess of the limit are granted only to Participants specifically identified by SIHL before such approval is sought; provided always that
- (iv) the limit on the number of New Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the ESOS 2012 and any other share-based incentive schemes (but excluding the Asia Water Share Award Scheme) must not exceed 30% of the Shares in issue from time to time. No Options may be granted under the ESOS 2012 if this will result in the 30% limit being exceeded.

### **5.3 In addition, so long as the Company remains a subsidiary of SIHL:**

- (i) the total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised and outstanding Options), together with the Shares issued and to be issued to such Participant under other share-based incentive schemes (but excluding the Asia Water Share Award Scheme), in any 12-month period, must not exceed 1% of the total Shares in issue. Where any further grant of Options to a Participant would result in the Shares issued, and to be issued upon exercise of all Options granted and to be granted, to such Participant (including exercised, cancelled and outstanding Options), when aggregated with the Shares issued and to be issued to such Participant under any other share-based incentive schemes (but excluding the Asia Water Share Award Scheme), in the 12-month period up to and including the date of such further grant, represents in aggregate over 1% of the total Shares in issue, such further grant must be separately approved by the SIHL Shareholders in general meeting, and such Participant and his associates (as defined in the HKEx Listing Rules) shall abstain from voting at such general meeting on any resolution relating to such grant;

- (ii) each grant of Options to a SIHL Director, SIHL Chief Executive or SIHL Substantial Shareholder, or any of their respective HKEx Associates, under the ESOS 2012 must be approved by independent non-executive directors of SIHL (excluding independent non-executive director who is the grantee of the Options); and
- (iii) where any grant of Options to a SIHL Substantial Shareholder or an independent non-executive director of SIHL, or any of their respective HKEx Associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding), together with Shares issued and to be issued under other share-based incentive schemes (but excluding the Asia Water Share Award Scheme), to such person in the 12-month period up to and including the Date of Offer (i) representing in aggregate over 0.1% of the Shares in issue; and (ii) (in the event the Shares are listed on the HKEx), having an aggregate value, based on the closing price of the Shares at each Date of Offer, in excess of HK\$5,000,000, such further grant of Options must be approved by the SIHL Shareholders.

## **6. GRANT AND ACCEPTANCE OF OPTIONS**

- 6.1 The Committee may, subject as provided in Rule 5 and the Listing Manual, grant Options at any time, and from time to time during the period when the ESOS 2012 is in force in its sole discretion provided that so long as the Company remains a subsidiary of SIHL, a grant of Options may not be made after a price sensitive event affecting SIHL has occurred or a price sensitive matter has been the subject of a decision by the SIHL Directors until an announcement of such price sensitive information has been published in accordance with the HKEx Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the board meeting for the approval of SIHL's results for any year, half-year, quarterly or any other interim period; and (ii) the deadline for SIHL to publish an announcement of its results for any year or half-year under the HKEx Listing Rules, or quarterly or any other interim period, and ending on the date of the results announcement, no Option may be granted.
- 6.2 The Letter of Offer to grant the Option shall be in, or substantially in, the form set out in Schedule 1 subject to such modification as the Committee may from time to time determine.
- 6.3 An Option shall be personal to the Participant to whom it is granted and shall not be transferred (other than to a Participant's personal representative on the death of that Participant), charged, assigned, pledged or otherwise disposed of, in whole or in part.
- 6.4 The offer of the grant of an Option under this Rule 6 must be accepted by the Offeree within thirty (30) days from the Date of Offer of that Option and, in any event, not later than 5.00 p.m. on the 30th day from such Date of Offer by completing, signing and returning the Acceptance Form in, or substantially in, the form set out in Schedule 2 subject to such modification as the Committee may from time to time determine, accompanied by payment of S\$1.00 as consideration.

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## **APPENDIX RULES OF THE ASIA WATER SHARE OPTION SCHEME 2012**

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- 6.5 An Offeree may accept or refuse the offer of the grant of an Option in whole or in part. If only part of the offer is accepted, the Offeree must accept the offer in integral multiples of 1,000 Shares.
- 6.6 If a grant of an Option is not accepted in the manner as provided in Rule 6.5, such offer shall, upon the expiry of the thirty (30) day period, automatically lapse and become null, void and of no effect.

### **7. SUBSCRIPTION PRICE**

- 7.1 Subject to any adjustment pursuant to Rule 7.3 and Rule 11, the Subscription Price for each Share shall be the Market Price.

The “Market Price” shall be the price which is equal to the average of the last dealt prices for the Share, as determined by reference to the daily official list or any other publication published by the SGX-ST for the five (5) consecutive Trading Days immediately preceding the Date of Offer of that Option, rounded up in the case of cents (if applicable) to the nearest whole cent.

Subject as otherwise provided in Rules 8 and 9, an Option shall not vest earlier than the 1st anniversary of its Date of Offer.

- 7.2 The Subscription Price for each Share shall not be at a discount to the Market Price.
- 7.3 In the event the Company has resolved to seek secondary listing on the HKEx or any other foreign stock exchange, the Subscription Price of the Options granted after such resolution and up to such secondary listing date of the Company on such foreign stock exchange must not be lower than the new issue price of the Shares opened for invitation pursuant to such secondary listing (if any). In particular, any Options granted during the period commencing six months before the lodgement of Form A1 (as defined in HKEx Listing Rules, or its equivalent for listing on any other stock exchange) up to the listing date of the Company on such exchange are subject to this requirement.

### **8. RIGHTS TO EXERCISE OPTIONS**

- 8.1 Subject as provided in this Rule 8 and in Rule 9, an Option shall be exercisable (in whole or in part) during the Exercise Period applicable to that Option, and in accordance with the Vesting Schedule and the conditions (if any) applicable to that Option. Exercise of the Options is not subject to any performance targets of the Company.
- 8.2 An Option shall, to the extent unexercised, immediately lapse without any claim against the Company:
- (a) subject to Rules 8.3 and 8.4, on the first anniversary of the Participant ceasing to be in the employment of the Group, for any reason whatsoever; or

- (b) upon the bankruptcy of the Participant or the happening of any other event which results in him being deprived of the legal or beneficial ownership of such Option.

For the purpose of Rule 8.2(a), the Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment being tendered by or being given to him, unless such notice shall be withdrawn prior to its effective date.

**8.3 If a Participant ceases to be employed by the Group by reason of his:**

- (a) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee); or
- (b) redundancy; or
- (c) retirement at or after the legal retirement age; or
- (d) retirement before the legal retirement age with the consent of the Committee,

or any other reason approved in writing by the Committee (including his resignation from employment following a demerger, change in management, or restructuring of (or affecting the business of) the company in which he is employed) he may, at the discretion of the Committee, exercise any Option in respect of such number of Shares comprised in that Option within the period of one (1) year after the date of such cessation of employment or such longer period as may be determined by the Committee in its absolute discretion (but before the expiry of the Exercise Period), and upon the expiry of such period, the Option shall lapse. The Committee may, in exercising its discretion, allow the Option to be exercised at any time, notwithstanding that the date of exercise of such Option falls on a date prior to the first day of the Exercise Period in respect of such Option.

**8.4 If a Participant ceases to be employed by the Group:**

1. by reason of the company in which he is employed ceasing to be a company within the Group due to a demerger, change of controlling stockholder, take-over, divestment, winding-up (whether or not voluntary and whether for the purposes of reorganisation, amalgamation or reconstruction) or merger, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group; or
2. for any other similar reason, provided the Committee gives its consent in writing,

he may, at the discretion of the Committee, exercise any Option then remaining unexercised in the manner and at the times provided in Rule 8.1, or within such other period during the Exercise Period as may be determined by the Committee in its absolute discretion.

- 8.5 If a Participant dies and at the date of his death holds any unexercised Option, such Option may, at the discretion of the Committee, be exercised by the duly appointed personal representatives of the Participant within the period of eighteen (18) months after his death or such longer period as may be determined by the Committee in its absolute discretion (but before the expiry of the Exercise Period), and upon the expiry of such period, the Option shall lapse. The Committee may, in exercising its discretion, allow the Option to be exercised at any time notwithstanding that the date of exercise of such Option falls on a date prior to the first day of the Exercise Period in respect of such Option.
- 8.6 If a Participant being a Director ceases to be a director in the Group for any reason whatsoever, any Option then held by him shall, to the extent unexercised, immediately lapse on the first anniversary of the above said cessation without any claim against the Company, unless otherwise determined by the Committee in its absolute discretion. In exercising such discretion, the Committee may also determine the period during which such Option may continue to be exercisable, provided that such period may not in any event extend beyond the Exercise Period applicable to such Option.
- 8.7 Notwithstanding any provision herein to the contrary, the Committee may, in its absolute discretion, by notice to the Participants, suspend the exercise of any Option for such period as the Committee may determine, provided that the period of suspension shall not exceed in aggregate sixty (60) days in any one year.
- 8.8 Any Options granted but not exercised may be cancelled if the holder of such Options agrees in writing. Issuance of new Options to the same Options holder may only be made if there are unissued Options available under the ESOS 2012 (excluding the cancelled Options) and in compliance with the rules of the ESOS 2012 in force from time to time.

## **9. TAKE-OVER AND WINDING-UP OF THE COMPANY**

- 9.1 Notwithstanding Rule 8 but subject to Rule 9.5, in the event of a take-over being made for the Shares, a Participant shall be entitled to exercise any Option held by him and as yet unexercised at the discretion of the Committee in respect of such number of Shares comprised in that Option as may be determined by the Committee in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which such offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:
- (a) the expiry of six (6) months thereafter, unless prior to the expiry of such six-month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST, such expiry date is extended to a later date (in either case, being a date falling not later than the expiry of the Exercise Period relating thereto); or
  - (b) the date of expiry of the Exercise Period relating thereto,

whereupon the Option then remaining unexercised shall lapse.

Provided that if during such period, the offeror becomes entitled or bound to exercise rights of compulsory acquisition under the provisions of the Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participant until the expiry of such specified date or the expiry of the Exercise Period relating thereto, whichever is earlier. Any Option not so exercised shall lapse provided that the rights of acquisition or obligations to acquire shall have been exercised or performed, as the case may be. If such rights or obligations have not been exercised or performed, the Option shall, notwithstanding Rule 8, remain exercisable until the expiry of the Exercise Period relating thereto.

- 9.2 If an order is made for the winding-up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void. In the event that a notice is given by the Company to its shareholders to convene a shareholders' meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall forthwith give notice thereof to each Participant and thereupon, every Participant shall be entitled to exercise his Option (if not already exercised) to its full extent or to the extent specified (such exercise to occur not later than two (2) business days prior to the proposed shareholders' meeting referred to above) by notice in writing to the Company, stating that the Option is thereby exercised and the number of shares in respect of which it is exercised, accompanied by a remittance for the full amount of the subscription price for the shares in respect of which the notice is given, and the Company shall, as soon as possible and, in any event, no later than the day immediately prior to the date of the proposed shareholders' meeting, allot such number of shares to the Participant which fall to be issued pursuant to the exercise of the Option. The Company shall give notice to the Participants of the passing of such resolution within seven (7) days after the passing thereof.
- 9.3 In the event of a members' solvent voluntary winding-up (other than for amalgamation or reconstruction), the Participant shall be entitled, notwithstanding Rule 8 but subject to Rule 9.5, within thirty (30) days of the passing of the resolution of such winding-up (but not after the expiry of the Exercise Period relating thereto), to exercise any unexercised Option at the discretion of the Committee in respect of such number of Shares comprised in that Option as may be determined by the Committee, after which such unexercised Option shall lapse and become null and void.
- 9.4 If in connection with the making of a general offer referred to in Rule 9.1 or the scheme referred to in Rule 9.2 or the winding-up referred to in Rule 9.3, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, as yet not exercised, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 9.
- 9.5 To the extent that an Option is not exercised within the periods referred to in this Rule 9, it shall lapse and become null and void.



**10. EXERCISE OF OPTIONS, ALLOTMENT AND LISTING OF SHARES**

- 10.1 Subject to Rule 8.1, an Option may be exercised, in whole or in part, by a Participant giving notice in writing to the Company in an Option Exercise Form, in or substantially in, the form set out in Schedule 3 subject to such modification as the Committee may from time to time determine. Such notice must be accompanied by a remittance for the Aggregate Subscription Cost in respect of the Shares for which that Option is exercised and any other documentation the Committee may require. Subject as otherwise provided in these Rules, an Option shall be treated as validly exercised upon receipt by the Company of the said notice, duly completed and signed, the Aggregate Subscription Cost in respect of the relevant number of Shares comprised in the Option being exercised, and such other documentation as are required by the Committee.
- 10.2 All payments to be made by a Participant shall be by cheque, cashier's order, banker's draft or postal order made out in favour of the Company or such other mode of payment as may be acceptable to the Company.
- 10.3 Shares allotted and issued pursuant to the exercise of an Option by a Participant shall be issued in the name of CDP for the credit of the securities account of that Participant maintained with CDP, the securities sub-account maintained with a Depository Agent or the CPF investment account maintained with a CPF agent bank.
- 10.4 Subject to such consents or other required action of any competent authority under any regulations or enactments for the time being in force as may be necessary and subject to the compliance with the terms of the ESOS 2012 and the Memorandum and Articles of Association of the Company, the Company shall, within ten (10) Market Days after the exercise of an Option, allot the relevant Shares and despatch to CDP the relevant certificates by ordinary post or such other mode as the Committee may deem fit.
- The Company shall, as soon as practicable after such allotment and conversion, apply to the SGX-ST (and any other stock exchange on which the Shares are quoted or listed) for permission to deal in and for quotation of such Shares.
- 10.5 Shares allotted and issued pursuant to the exercise of an Option by a Participant shall be subject to all the provisions of the Memorandum and Articles of Association of the Company, and shall rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant date upon which such exercise occurred, and shall in all other respects (including the voting, dividend, transfer and other rights, including those arising on a liquidation of the Company, attached thereto) rank *pari passu* with other existing Shares then in issue. "Record Date" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.
- 10.6 The Company shall keep available sufficient unissued Shares to satisfy the full exercise of all Options for the time being remaining capable of being exercised.



**11. VARIATION OF CAPITAL**

11.1 If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation or distribution) shall take place, then the Committee may determine whether:

- (a) the Subscription Price for the Shares, the nominal value, class and/or number of Shares comprised in an Option to the extent unexercised; and/or
- (b) the nominal value, class and/or number of Shares over which Options may be granted under the ESOS 2012,

shall be adjusted and, if so, the manner in which such adjustment shall be made, provided that such adjustments shall satisfy the requirements set out in Rule 849 of the Listing Manual. For any distribution other than a capitalisation issue, rights issue, subdivision or consolidation of shares or reduction of capital, the Company is required to comply with Rule 17.03(13) of the HKEx Listing Rules and in consultation with HKEx. Any adjustment under this Rule 11 should be made in such a way that a Participant will not receive a benefit that a shareholder does not receive and accords a Participant the same proportion of the equity share capital of the Company as that to which such Participant would be entitled to if such variation of the Company's issued share capital did not take place.

11.2 The following events shall not be considered as events requiring adjustment:

- (a) the issue of new Shares on the exercise of options or other convertibles issued by the Company from time to time or pursuant to any scrip dividend scheme for the time being of the Company;
- (b) the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the SGX-ST during the period when a share purchase mandate granted by shareholders of the Company (including any renewal of such mandate) is in force; and
- (c) the issue of securities by the Company as consideration for an acquisition.

11.3 Notwithstanding the provisions of Rule 11.1:

- (a) any determination by the Committee as to whether to make any adjustment and if so, the manner in which such adjustment should be made, must (except in relation to a capitalisation (bonus) issue of new Shares) be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable and satisfy the requirement setting out at the end of Rule 11.1; and

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- (b) (if applicable laws at the relevant time require that the Shares have a nominal (or par) value) no such adjustment shall be made if as a result, the Subscription Price shall fall below the nominal value of a Share and if such adjustment would, but for this paragraph (b), result in the Subscription Price being less than the nominal value of a Share, the Subscription Price payable shall be the nominal value.

11.4 Upon any adjustment required to be made pursuant to this Rule 11, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the Subscription Price thereafter in effect and (as applicable) the nominal value, class and/or number of Shares thereafter to be issued on the exercise of the Option. Any adjustment shall take effect upon such written notification being given.

11.5 Every adjustment shall (except in respect of a capitalization issue) be subject to the written confirmation of the Auditors (acting only as experts and not as arbitrators) that in their opinion, such adjustment is fair and reasonable.

### **12. ADMINISTRATION OF THE ESOS 2012**

12.1 The ESOS 2012 shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board of Directors of the Company, provided that no member of the Committee shall participate in any deliberation or decision in respect of Options granted or to be granted to him.

12.2 The Committee shall have the power, from time to time, to make and vary such regulations (not being inconsistent with the ESOS 2012) for the implementation and administration of the ESOS 2012 as it thinks fit.

12.3 Any decision of the Committee made pursuant to any provision of the ESOS 2012 (other than a matter to be certified by the Auditors) including any decisions pertaining to disputes as to the interpretation of the ESOS 2012 or any rule, regulation, procedure thereunder or as to any rights under the ESOS 2012, shall be final and binding.

### **13. MODIFICATIONS TO THE ESOS 2012**

13.1 Any or all the provisions of the ESOS 2012 may be modified and/or altered at any time and from time to time by resolution of the Committee, except that:

- (a) no modification or alteration shall adversely alter the rights attaching to any Option granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three-fourths (3/4) of all the Shares which would fall to be allotted upon exercise in full of all outstanding Options;

- (b) the definitions of “Group”, “Group Executive”, “Group Director”, “Committee”, “Exercise Period”, “Participant”, “Offeree” and “Subscription Price” and the provisions of Rules 4, 5, 6, 7, 8, 9, 10.1, 10.5, 12 and this Rule 13 shall not be altered to the advantage of Participants except with the prior approval of the Company’s shareholders in general meeting; and
- (c) no modification or alteration shall be made without the prior approval of the SGX-ST, or any other stock exchange on which the Shares are quoted or listed, and such other regulatory authorities as may be necessary, nor shall any alteration be made under Rules 843 to 848, and Rules 852 and 853 of the Listing Manual to the advantage of Participants except with the prior approval of the Shareholders in general meeting.

13.2 Notwithstanding anything to the contrary contained in Rule 13.1, the Committee may at any time by resolution (and without other formality, save for the prior approval of the SGX-ST) amend or alter the ESOS 2012 in any way to the extent necessary to cause the ESOS 2012 to comply with any statutory provision or the provision or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).

13.3 Written notice of any modification or alteration made in accordance with this Rule 13 shall be given to all Participants.

13.4 So long as the Company remains a subsidiary of SIHL:

- (a) provisions relating to the matters set out in Rule 17.03 of HKEx Listing Rules (more particularly set out in Schedule 4) cannot be altered to the advantage of Participants without the prior approval of the SIHL Shareholders in general meeting;
- (b) any alterations to the terms and conditions of the ESOS 2012 which are of a material nature or any change to the terms of Options granted must be approved by the SIHL Shareholders, except where the alterations take effect automatically under the existing terms of the ESOS 2012;
- (c) the amended terms of the ESOS 2012 or the Options must still comply with the relevant requirements of Chapter 17 of the HKEx Listing Rules; and
- (d) any change to the authority of the Committee in relation to any alteration to the terms of the ESOS 2012 must be approved by the SIHL Shareholders in general meeting.

#### **14. NOTICES**

14.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other address (including electronic mail address or facsimile number), and marked for the attention of the Committee, as may be notified by the Company to him in writing.

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- 14.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number of the Participant.
- 14.3 Any notice or other communication from a Participant to the Company shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by the Participant when left at the address specified in Rule 14.2, or if sent by post, on the day following the date of posting or if sent by electronic mail or facsimile transmission, on the day of despatch.
- 14.4 An offer, grant, acceptance and/or exercise of an Option, including without any limitation, the Letter of Offer under Rule 6.2, the completed Acceptance Form under Rule 6.4 and/or Option Exercise Form under Rule 10.1, and/or any correspondence in relation thereto, may be communicated electronically through any form of electronic communication approved by the Committee for such purposes from time to time incorporating, if the Committee deems necessary, the use of security and/or identification procedures and devices approved by the Committee.

### **15. TERMS OF EMPLOYMENT UNAFFECTED**

The terms of employment of a Participant (being a Group Employee) shall not be affected by his participation in the ESOS 2012, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

### **16. DURATION OF THE ESOS 2012**

- 16.1 The ESOS 2012 shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the Commencement Date.
- 16.2 The ESOS 2012 may be terminated at any time by the Committee or by resolution of the Company in general meeting subject to all relevant approvals which may be required and if the ESOS 2012 is so terminated, no further Options shall be offered by the Company hereunder.
- 16.3 The termination of the ESOS 2012 shall not affect Options which have been granted and accepted as provided in Rule 6.5, whether such Options have been exercised (whether fully or partially) or not.

**17. TAXES**

All taxes (including income tax) arising from the exercise of any Option granted to any Participant under the ESOS 2012 shall be borne by that Participant.

**18. COSTS AND EXPENSES OF THE ESOS 2012**

18.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment of any Shares in CDP's name pursuant to the exercise of any Option, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a CDP Depository Agent or CPF investment account with a CPF agent bank.

18.2 Save for the taxes referred to in Rule 17 and such other costs and expenses expressly provided in the ESOS 2012 to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the ESOS 2012 including but not limited to the fees, costs and expenses relating to the allotment and issue of Shares pursuant to the exercise of any Option shall be borne by the Company.

**19. DISCLOSURE**

In compliance with disclosure requirements and/or listing rules for the time being of the SGX-ST and/or applicable laws, the Company will disclose information relating to Options granted pursuant to the ESOS 2012, including but not limited to disclosures relating to the following in its annual reports during the operation of the ESOS 2012:

- (a) the names of the members of the Committee;
- (b) the information required in the table below for the following Participants:
  - (1) Directors of the Company; and
  - (2) Controlling Shareholders and their Associates; and
  - (3) Participants (other than those in paragraphs 19(b)(1) and 19(b)(2) above) who receive options granted pursuant to the ESOS 2012 which in aggregate, represent five per cent (5%) or more of the total number of Shares available under the ESOS 2012.

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Name of Participant:			
Participant's corporate rank/title:			
The following particulars relating to Options granted under the ESOS 2012:			
Options granted during financial year under review (including terms)	Aggregate Options granted since commencement of the ESOS 2012 to end of financial year under review	Aggregate Options exercised since commencement of the ESOS 2012 to end of financial year under review	Aggregate Options outstanding as at end of financial year under review

(c) In respect of Options granted to Parent Group Employees, Parent Group Executive Directors and Parent Group Non-Executive Directors:

- (1) the names of and number and terms of Options granted to each Parent Group Employees, Parent Group Executive Director or Parent Group Non-Executive Directors who receives five per cent (5%) or more of the total number of Options available to all Parent Group Employees and Parent Group Non-Executive Directors under the ESOS 2012, during the financial year under review; and
- (2) the aggregate number of Options granted to Parent Group Employees, Parent Group Executive Directors and Parent Group Non-Executive Directors for the financial year under review, and since the commencement of the ESOS 2012 to the end of the financial year under review;

(d) where applicable, the number and proportion of options granted at a discount during the financial year under review in respect of every ten per cent (10%) discount range, up to the maximum quantum of discount granted; and

(e) any other information required to be so disclosed pursuant to the Listing Manual of the SGX-ST and all other applicable laws and requirements.

Provided that if any of the above requirements is not applicable, an appropriate negative statement should be included therein.

An immediate announcement must be made on the date of the offer of Options and provide details of the grant, including the following:–

- (i) Date of Offer;
- (ii) Exercise price of the Options granted;
- (iii) Number of Options granted;

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- (iv) Market Price of the Shares on the date of grant of the Options;
- (v) Number of Options granted to directors and controlling shareholders (and each of their Associates) under the ESOS 2012; and
- (vi) the Vesting Schedule in relation to the Options.

### **20. DISCLAIMER OF LIABILITY**

Notwithstanding any provisions herein contained, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing any Shares, or applying for or procuring the listing of the Shares on the SGX-ST in accordance with Rule 10.4 (and any other stock exchange on which the Shares are quoted or listed).

### **21. DISPUTES**

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

### **22. GOVERNING LAW**

The ESOS 2012 shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting Options in accordance with the ESOS 2012, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

**APPENDIX A – Schedule 1****Form of Letter of Offer**

Serial No.

Date:

To: [Name]  
[Designation]  
[Address]

**Private and Confidential**

Dear Sir/Madam

We have the pleasure of informing you that you have been selected to participate in the Asia Water Share Option Scheme (the “ESOS 2012”). Terms as defined in the ESOS 2012 shall have the same meaning when used in this letter.

Accordingly, in consideration of the payment of a sum of S\$1.00, an offer is hereby made to grant you an option (the “Option”) to subscribe for and be allotted ordinary shares (“Shares”) in Asia Water Technology Ltd. at the price of S\$\_\_\_\_\_ for each Share (the “Subscription Price”).

+The Exercise Period applicable to the Option is as follows with the Vesting Schedule attached hereto:

<b>Exercise Period</b>	
<b>Commencement Date</b>	<b>Expiration Date</b>

The Option is personal to you and shall not be transferred, charged, pledged, assigned or otherwise disposed of by you, in whole or in part.

The Option shall be subject to the terms of this letter and the rules of the ESOS 2012 (which may be amended from time to time). A copy of the rules of the ESOS 2012 is enclosed herewith.

If you wish to accept the offer, please sign and return the enclosed Acceptance Form with a sum of S\$1.00 not later than 5.00 p.m. on \_\_\_\_\_, failing which this offer will lapse.

Yours faithfully,



**Vesting Schedule**

Subject to the ESOS 2012 and the terms of the Letter of Offer dated \_\_\_\_\_ Options may normally be exercised, during the Exercise Period, at the following times and in the following manner:

<b>Vesting Schedule</b>	<b>% of Shares over which the Option is exercisable</b>
<sup>+</sup> On or before	%
From                      to	%
After	%

In relation to the Option, if the Participant, during any of the periods specified above, exercises that Option for such number of Shares which, in aggregate, represents less than the number of Shares for which the Participant may exercise in respect of such period, the balance of the Shares comprised in that Option for which the Participant could have exercised (but did not exercise) in that period shall be carried forward and added to the number of Shares (but shall not be taken into account in determining the number of Shares) which the Participant may exercise in the next succeeding period or periods.

<sup>+</sup>     *The Exercise Period will commence after the 1st anniversary of the Date of Offer or the 2nd anniversary of the Date of Offer, as the case may be.*

<sup>#</sup>     *Conditions (if any) to be attached to the exercise of the Option will be determined by the Committee at its absolute discretion.*

## APPENDIX A – SCHEDULE 2

## Acceptance Form

To: The Committee  
Asia Water Share Option Scheme 2012  
c/o One Temasek Avenue  
Millenia Tower #37-03  
Singapore 039192

Closing Date for Acceptance of Offer : \_\_\_\_\_

Number of Shares Offered Subscription : \_\_\_\_\_

Exercise Price for each Share : \_\_\_\_\_

Total Amount Payable : \_\_\_\_\_

I have read your Letter of Offer dated \_\_\_\_\_ (Date of Offer) and agree to be bound by the terms of the Letter of Offer and the ESOS 2012 referred to therein. Terms defined in your Letter of Offer shall have the same meanings when used in this Acceptance Form.

I hereby accept the Option to subscribe for \_\_\_\_\_ ordinary shares (“**Shares**”) in the capital of Asia Water Technology Ltd. (the “**Company**”) at the price of S\$\_\_\_\_\_ for each Share and enclose cash for S\$1.00 as consideration for the Option. I confirm that my acceptance will not result in the contravention of any applicable law or regulation in relation to options to subscribe for or acquire shares, or the ownership of shares in, the Company.

I understand that I am not obliged to exercise the Option. I confirm that at the date hereof:

- (a) I am not an undischarged bankrupt; and
- (b) I am not a controlling shareholder, or an associate of a controlling shareholder, of the Company.

I further acknowledge that you have not made any representation to induce me to accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

I agree to keep confidential all information pertaining to the grant of the Option to me.

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## APPENDIX    RULES OF THE ASIA WATER SHARE OPTION SCHEME 2012

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**Please print in block letters**

Name in full                   : \_\_\_\_\_

Designation                   : \_\_\_\_\_

Address                        : \_\_\_\_\_

Nationality                   : \_\_\_\_\_

\*NRIC/Passport No.       : \_\_\_\_\_

Signature                     : \_\_\_\_\_

Date                            : \_\_\_\_\_

*\* Delete accordingly*

*Note:*

- (1) An Option may be accepted in full or in integral multiples of 1,000 Shares.
- (2) The terms “controlling shareholder” and “associate” have the meanings respectively assigned to them by the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

**APPENDIX A – SCHEDULE 3****Form of Exercise of Option**

**Total number of ordinary shares (the “Shares”) offered at S\$\_\_\_\_\_ for each Share under the ESOS 2012 on \_\_\_\_\_ (the Date of Offer):**

**Number of Shares previously allotted and issued thereunder : \_\_\_\_\_**

**Outstanding balance of Shares to be allotted and issued thereunder : \_\_\_\_\_**

**Number of Shares now to be subscribed : \_\_\_\_\_**

To: The Committee  
Asia Water Share Option Scheme  
c/o One Temasek Avenue  
Millenia Tower #37-03  
Singapore 039192

1. Pursuant to your Letter of Offer dated \_\_\_\_\_ (“**Date of Grant**”) and my acceptance thereof, I hereby exercise the Option to subscribe for \_\_\_\_\_ Shares in Asia Water Technology Ltd. (the “**Company**”) at S\$\_\_\_\_\_ for each Share.
2. Paragraph 2(A) below is to be completed if CPF monies are not being used in payment for the Shares. Paragraph 2(B) below is to be completed if CPF monies are being used in payment for the Shares. Either Paragraph 2(A) or Paragraph 2(B) should be completed only.
  - 2A. \*I enclose a \*cheque/cashier’s order/banker’s draft/postal order no. \_\_\_\_\_ for S\$\_\_\_\_\_ by way of subscription for the total number of the said Shares. I request the Company to allot and issue the said Shares referred to in paragraph 1 above, and which on issue are to be converted into stock units in the capital of the Company, in the name of The Central Depository (Pte) Limited (“**CDP**”) and to deliver to CDP (at my own risk) the certificate(s) for the stock units for credit to my securities account as specified below, and I hereby agree to bear such fees or other charges as may be imposed by CDP and any stamp duty payable in respect thereof.
  - 2B. \*I wish to pay the total subscription price of S\$\_\_\_\_\_ (“**Aggregate Subscription Cost**”) for the said Shares by utilising CPF monies standing to the credit of my CPF Investment Account specified below. I enclose herewith a CPF withdrawal form, and irrevocably and unconditionally authorise the Company to obtain or disclose all necessary information from or to the Agent Bank named below, to submit the above-mentioned form to the said Agent Bank and to request such Agent Bank to forward the cashier’s order or cheque for an amount equal to the Aggregate Subscription Cost in payment for the said Shares to the Company. I agree that the Company shall not in any way be liable if for any reason whatsoever the cashier’s order or cheque is not issued or is not received by the Company. I request the Company to allot and issue the said Shares referred to in paragraph 1 above, and which

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**APPENDIX    RULES OF THE ASIA WATER SHARE OPTION SCHEME 2012**

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on issue are to be converted into Shares in the capital of the Company, in the name of CDP and to deliver to CDP (at my own risk) the certificate(s) for the Shares, and I hereby agree to bear such fees or other charges as may be imposed by CDP and any stamp duty payable in respect thereof. I request the Company to instruct CDP to credit the said Shares to the account of such nominee of the Agent Bank as shall have been notified by the Agent Bank to the Company.

CPF Investment Account No.        : \_\_\_\_\_

Name of Agent Bank                : \_\_\_\_\_

3. I agree to subscribe for the said Shares subject to the terms of the Letter of Offer, the Asia Water Share Option Scheme and the Memorandum and Articles of Association of the Company.
4. I declare that I am subscribing for the said Shares for myself and not as a nominee for any other person.

**Please print in block letters**

**Name in full**                        : \_\_\_\_\_

**Designation**                        : \_\_\_\_\_

**Address**                                : \_\_\_\_\_

**Nationality**                        : \_\_\_\_\_

**\*NRIC/Passport No.** : \_\_\_\_\_

**Signature**                            : \_\_\_\_\_

**Date**                                        : \_\_\_\_\_

\* Delete accordingly

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**APPENDIX A – SCHEDULE 4****Matters set out in Rule 17.03 of the HKEx Listing Rules:**

- (1) The purpose of the scheme;
- (2) The participants of the scheme and the basis of determining the eligibility of participants;
- (3) The total number of securities which may be issued upon exercise of all options to be granted under the scheme, together with the percentage of the issued share capital that it represents at the date of approval of the scheme;
- (4) The maximum entitlement of each participant under the scheme;
- (5) The period within which the securities must be taken up under the option, which must not be more than 10 years from the date of grant of the option;
- (6) The minimum period, if any, for which an option must be held before it can be exercised;
- (7) The performance targets, if any, that must be achieved before the options can be exercised or, if none, a negative statement to that effect;
- (8) The amount, if any, payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid;
- (9) The basis of determination of the exercise price;
- (10) The voting, dividend, transfer and other rights, including those arising on a liquidation of the listed issuer, attaching to the securities and (if appropriate) any such rights attaching to the options themselves;
- (11) The life of the scheme, which must not be more than 10 years;
- (12) The circumstances under which options will automatically lapse;
- (13) A provision for adjustment of the exercise price or the number of securities subject to options already granted and to the scheme in the event of a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital;
- (14) A provision for the cancellation of options granted but not exercised;
- (15) Unless the securities subject to the scheme are identical with other securities, a provision that they must be separately designated;

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**APPENDIX    RULES OF THE ASIA WATER SHARE OPTION SCHEME 2012**

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- (16) Where there is a provision for termination of the operation of the scheme before the end of its life, a provision for the treatment of options granted under the scheme but not yet exercised at the time of termination;
- (17) Transferability of options; and
- (18) The specific terms of the scheme that can be changed by directors or scheme administrators without the approval of shareholders of the listed issuer in general meeting.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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上海實業控股有限公司

SHANGHAI INDUSTRIAL HOLDINGS LIMITED

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 363)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of Shanghai Industrial Holdings Limited (the “**Company**”) will be held at the Conference Room of the Company, 26th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong on Monday, 23 April 2012 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions as an ordinary resolution of the Company:

### **ORDINARY RESOLUTION**

“**THAT** the rules of the proposed share option scheme of Asia Water Technology Ltd. (a copy of which has been produced to this meeting marked ‘A’ and initialled by the chairman of the meeting for the purpose of identification) be and are hereby approved and the directors of the Company be and are hereby authorised to execute such documents and take such action as they deem appropriate to implement and give effect to the scheme.”

By Order of the Board  
**Shanghai Industrial Holdings Limited**  
**Yee Foo Hei**  
*Company Secretary*

Hong Kong, 2 April 2012

*Registered office:*  
26th Floor, Harcourt House  
39 Gloucester Road  
Wanchai, Hong Kong

*Notes:*

- (1) A shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and on a poll, vote on his behalf. The proxy need not be a shareholder of the Company.
- (2) Where there are joint registered holders of any share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, then one of the said persons so present whose name stands first on the register in respect of such share, shall alone be entitled to vote in respect thereof.
- (3) A form of proxy for use at the EGM is enclosed with the circular to the shareholders.
- (4) The instrument appointing a proxy must be in writing under the hand of the appointer or attorney duly authorized in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (5) To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited at the registered office of the Company at 26th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM (or any adjournment thereof, as the case may be).
- (6) Completion and return of the form of proxy will not preclude a shareholder from attending and voting in person at the EGM. If such shareholder attends the EGM, his form of proxy will be deemed to have been revoked.
- (7) The ordinary resolution set out above will be determined by way of a poll.
- (8) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English language version shall prevail.