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(Stock Code: 363)

VOLUNTARY ANNOUNCEMENT

PLACEMENT OF SHARES BY SIIC ENVIRONMENT HOLDINGS LTD.

SUBSCRIPTION OF THE PLACEMENT SHARES WITH OPTION TO ALLOCATE A PORTION OF THE PLACEMENT SHARES TO A CONNECTED PERSON OF THE COMPANY

ABOUT SI ENVIRONMENT

SI Environment, a company listed on the Main Board of the SGX-ST, is a water treatment and management specialist as well as an active investor in environmental related infrastructure assets and has developed integrated engineering solutions including designing, procurement, installation, commissioning and management for water purification, water supply and waste water treatment systems and facilities.

As at the date of this announcement, the Company indirectly holds approximately 50.33% of SI Environment's entire issued share capital (excluding its treasury shares).

THE PLACEMENT

The Subscription

The board of directors of the Company is pleased to announce that on 11 October 2013, TPL, an indirectly wholly-owned subsidiary of the Company, has entered into the Subscription Agreement.

Pursuant to the Subscription Agreement, TPL has agreed to subscribe for, and SI Environment has agreed to allot and issue, an aggregate of 1,600,000,000 new Shares in SI Environment at the placement price of S\$0.085 (approximately equivalent to HK\$0.52) per Placement Share. The Placement Price represents a discount of 13.0% to the volume weighted average price of S\$0.0977 per Share for trades done on the SGX-ST on 10 October 2013 (being the last full market day in Singapore up to the time the Subscription Agreement was signed).

The Placement Shares will rank *pari passu* in all respects with the existing Shares of SI Environment save that they will not rank for any dividend, rights, allotments or other distributions, the Record Date of which falls on or before completion of the Subscription Agreement. Assuming that the Option (as described below) is not exercised, the aggregate consideration payable by TPL for the Placement Shares is approximately S\$136,000,000 (approximately equivalent to HK\$833,027,200). TPL intends to fund this subscription from its internal resources.

Option to allocate certain portion of Placement Shares to CECEPHK

TPL has an option under the Subscription Agreement to allocate 350,000,000 of its Placement Shares for subscription by CECEPHK. As at the date of this announcement, CECEPHK holds a 14.0% interest in SI Environment (excluding its treasury shares), and CECEPHK is therefore a connected person of the Company under the Listing Rules.

No premium is paid or will be payable for this Option by the Company or CECEPHK.

Assuming the Option is exercised, TPL will only subscribe for 1,250,000,000 new Shares, and the aggregate consideration payable by TPL for the Placement Shares (less the Allocated Shares) will become approximately S\$106,250,000 (approximately equivalent to HK\$650,802,500).

The Other Subscription Agreements

Simultaneously with the entering into of the Subscription Agreement, SI Environment has entered into the Other Subscription Agreements, pursuant to which SI Environment has agreed to allot and issue an aggregate of 1,500,000,000 new Shares to the Other Placees at the Placement Price.

The Other Placees are private investors introduced by an introducer appointed by SI Environment. Their details and the number of shares to be subscribed for by each of them are as follows:

Name of the Other Placees	Principal Occupation/ Business of the Other Placees	Number of Shares placed	Percentage interest in the enlarged issued share capital (excluding treasury shares) of SI Environment post completion of the Placement	Consideration payable (S\$)
Best Investment Corporation (“ Best Investment ”)	Best Investment is a wholly-owned subsidiary of CIC International Co., Ltd., which is a subsidiary controlled by China Investment Corporation (“ CIC ”). Headquartered in Beijing, CIC is a wholly state-owned investment company incorporated in accordance with China's Company Law. It is operated on a commercial basis, seeking long-term, risk-adjusted financial returns.	660,000,000	7.68%	56,100,000
Dalvey Asset Holding Ltd.	Dalvey Asset Holding Ltd is wholly owned by RRJ Capital Master Fund II L.P., which is an Asian investment firm which focuses on private equity investments in China and South-East Asia.	450,000,000	5.24%	38,250,000
CCBI Chengtou CleanTech Equity Investment Fund Co., Ltd. (“ CCBI Chengtou ”)	CCBI Chengtou, established in July 2010, is an RMB private equity fund focusing on investment in the green environmental protection industry.	240,000,000	2.79%	20,400,000

Name of the Other Placees	Principal Occupation/ Business of the Other Placees	Number of Shares placed	Percentage interest in the enlarged issued share capital (excluding treasury shares) of SI Environment post completion of the Placement	Consideration payable (S\$)
Newyard Worldwide Holdings Ltd. ("Newyard")	Newyard is an investment holding company incorporated under the laws of the British Virgin Islands. It is wholly owned by Ren Yuanlin, the Executive Chairman of Yangzijiang Shipbuilding (Holdings) Ltd., a company incorporated in Singapore and listed on the Mainboard of the SGX-ST. In 2012, Mr. Ren donated US\$40.307 million to establish the Jiangsu Yuanlin Charitable Fund, which focuses on philanthropy for the elderly. Mr. Ren was awarded "Entrepreneur of the Year (Mainland China)" by Ernst & Young in 2011, and "China Charity Award" in 2012.	150,000,000	1.75%	12,750,000
	TOTAL	1,500,000,000	17.46%	127,500,000

SI Environment has agreed that, insofar as it is able to, procure that each of the Subscription Agreement and the Other Subscription Agreements complete simultaneously on the same date.

Conditions Precedent for Subscription

Completion of the subscription of the Placement Shares is conditional upon, among other things, SI Environment obtaining: (i) the approval-in-principle for the listing and quotation of the Placement Shares and the Other Placement Shares on the Main Board of the SGX-ST, (ii) the approval from its shareholders who are not interested in the placement to allot and issue the Placement Shares and the Other Placement Shares (and such approval not being revoked or amended), and (iii) the grant of all applicable governmental and regulatory approvals required in connection with the Placement including, but not limited to, approval from SGX-ST.

Change in the Company's percentage shareholding in SI Environment

If the Option is not exercised, and assuming that the Subscription Agreement and the Other Subscription Agreements complete simultaneously, upon completion of the Placement the Company will indirectly hold an aggregate of 4,362,841,132 Shares, representing approximately 50.79% of SI Environment's enlarged issued share capital (excluding its treasury shares).

However, if the Option is exercised with the Allocation Shares allotted and issued to CECEPHK and assuming that the Subscription Agreement and the Other Subscription Agreements complete simultaneously, upon completion of the Placement: (i) CECEPHK will hold an aggregate of 1,118,564,586 Shares, representing approximately 13.02% of SI Environment's enlarged issued share capital (excluding its treasury shares); and (ii) the Company will indirectly hold an aggregate of 4,012,841,132 Shares, representing approximately 46.72% of SI Environment's enlarged issued share capital (excluding its treasury shares).

Lock-up of the Placement Shares

TPL has undertaken to SI Environment that for a period of nine months commencing from the date of the listing and quotation of the Placement Shares on the Main Board of the SGX-ST, it shall not assign, dispose of or transfer or enter into any agreement that will directly or indirectly constitute or be deemed as a disposal of any part of the Placement Shares.

Listing Rules implications

As CECEPHK is a connected person of the Company, the grant of the Option is a connected transaction of the Company. However as none of the applicable percentage ratios exceeds the relevant percentage thresholds under Chapter 14A of the Listing Rules, the grant of the Option is exempt from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The exercise of the Option is a deemed disposal under Chapter 14 of the Listing Rules but SI Environment will continue to be treated as a subsidiary of the Company after the Placement as SI Environment will continue to be consolidated in the accounts of the Company. As none of the percentage ratios exceeds the relevant percentage thresholds under Chapter 14 of the Listing Rules, the exercise of the Option does not constitute a discloseable transaction of the Company.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND THE GRANT OF THE OPTION

The Group has strived to increase the investment scale of its water and environmental operations to accelerate its growth. The subscription is in line with the Group's development strategy to expand its infrastructure facilities business. TPL's subscription of the Placement Shares will enable SI Environment to finance its business expansion and to enlarge SI Environment's working capital, thus setting a solid foundation for sustainable business development.

The granting of the Option under the Subscription Agreement for CECEPHK to take up the Allocation Shares will allow: (i) CECEPHK to participate in the Placement and contribute to the continued development of SI Environment, and (ii) the Company to build a closer working relationship with CECEP Group going forward.

INFORMATION ON THE COMPANY

The Company and its subsidiaries are principally engaged in the business of infrastructure facilities, real estate and consumer products.

INFORMATION ON CECEPHK

CECEPHK is an investment holding company. CECEP Group, the controlling shareholder of CECEPHK, is a state-owned enterprise that is fully sponsored and owned by the central government of China and was established in 1988.

CECEP Group currently covers three major business areas, being: (i) energy conservation and emission reduction services; (ii) environment protection (treatment of waste water, solid waste and waste gas); and (iii) clean technology and new energy.

DEFINITIONS

Unless otherwise stated, the following expressions have the following meanings in this announcement:

“Allocation Shares”	the 350,000,000 new Shares which will be allotted and issued to CECEPHK by SI Environment if the Option is exercised
“CECEP Group”	China Energy Conservation and Environmental Group, a state-owned enterprise that is fully sponsored and owned by the central government of China, and is the controlling shareholder of CECEPHK
“CECEPHK”	China Energy Conservation & Environmental Protection (Hong Kong) Investment Co., Limited, a company incorporated in Hong Kong with limited liability
“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 of Hong Kong Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Option”	the option granted to TPL by SI Environment under the Subscription Agreement, pursuant to which TPL has the option to allocate the subscription right in respect of the Allocation Shares (out of the Placement Shares) to CECEPHK. Should TPL decide to exercise the Option and CECEPHK agree to take up the Allocation Shares, CECEPHK will enter into a separate subscription agreement with SI Environment to subscribe for the Allocation Shares. If the Option is exercised, the number of Placement Shares that TPL will subscribe for will be reduced by the amount of Allocation Shares
“Other Placees”	the subscribers who have entered into the Other Subscription Agreements, the details of which are set out in the section headed “The Other Subscription Agreements” in this announcement
“Other Placement Shares”	an aggregate of 1,500,000,000 new Shares in SI Environment to be allotted and issued to the Other Subscribers pursuant to the terms of the Other Subscription Agreements
“Other Subscription Agreements”	the agreements entered into between SI Environment and four other subscribers, pursuant to which such subscribers have agreed to subscribe for, and SI Environment has agreed to allot and issue, the Other Placement Shares
“Placement”	the placement of the new Shares by SI Environment as contemplated under the Subscription Agreement and the Other Subscription Agreements
“Placement Price”	the placement price of S\$0.085 (approximately equivalent to HK\$0.52) per Share
“Placement Shares”	an aggregate of 1,600,000,000 new Shares (or 1,250,000,000 new Shares, if the Option is exercised) to be allotted and issued to TPL pursuant to the terms of the Subscription Agreement
“PRC”	the People’s Republic of China and for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Record Date”	means the date fixed by SI Environment for the purposes of determining entitlements to dividends or other distributions to or rights of holders of the Shares of SI Environment
“RMB”	Renminbi, the lawful currency of the PRC
“S\$”	Singapore dollars, the lawful currency of Singapore

“SGX-ST”	the Singapore Exchange Securities Trading Limited
“Share(s)”	the ordinary shares of SI Environment
“SI Environment”	SIIC Environment Holdings Ltd., a non-wholly owned subsidiary of the Company, the shares of which are listed on the Main Board of the SGX-ST
“Subscription Agreement”	the subscription agreement dated 11 October 2013 entered into between TPL and SI Environment, pursuant to which TPL has agreed to subscribe for, and SI Environment has agreed to allot and issue, the Placement Shares
“subsidiary”	shall have the meaning ascribed to it under the Listing Rules
“TPL”	Triumph Power Limited, a company incorporated in the British Virgin Islands with limited liability and an indirectly wholly-owned subsidiary of the Company

For the purposes of this announcement, the exchange rate of HK\$1.00 = S\$6.1252 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at the above rate or at any other rates or at all.

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

Hong Kong, 14 October 2013

Executive Directors:

Mr. Wang Wei, Mr. Zhou Jie, Mr. Lu Shen, Mr. Zhou Jun, Mr. Xu Bo and Mr. Qian Yi

Independent Non-Executive Directors:

*Dr. Lo Ka Shui, Prof. Woo Chia-Wei, Mr. Leung Pak To, Francis and
Mr. Cheng Hoi Chuen, Vincent*