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(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

DISCLOSEABLE TRANSACTION

PLACEMENT OF SHARES BY SIIC ENVIRONMENT HOLDINGS LTD. AND LOAN OF SIIC ENVIRONMENT HOLDINGS LTD. SHARES BY A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY IN CONNECTION WITH THE PLACEMENT OF SHARES

On 8 July 2014, SI Environment and the Joint Placement Agents entered into the Placement Agreement, pursuant to which SI Environment has agreed to allot and issue, and the Joint Placement Agents have agreed to procure subscriptions for, the Placement Shares.

On the same date, the Company and SI Environment entered into the Share Lending Agreement, pursuant to which the Company has agreed that a wholly-owned subsidiary of the Company will lend the Loan Shares to SI Environment for the Approved Purpose.

After completion of the Placement and return of the Loan Shares, SI Environment will remain as a subsidiary of the Company as SI Environment's accounts will continue to be consolidated in the Company's accounts.

The Placement is a deemed disposal under Chapter 14 of the Listing Rules. As the Transactions (comprising the Former Placement of Shares, the exercise of the Option and the Placement) will all be completed within a 12-month period, the Directors consider that the Transactions should be aggregated pursuant to Rule 14.22 of the Listing Rules. As one of the applicable percentage ratios in respect of the Transactions on an aggregated basis exceeds 5% but is less than 25%, the Transactions together constitute discloseable transactions of the Company under the Listing Rules and are subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

On 8 July 2014, SI Environment and the Joint Placement Agents entered into the Placement Agreement, pursuant to which SI Environment has agreed to allot and issue, and the Joint Placement Agents have agreed to procure subscriptions for, the Placement Shares.

On the same date, the Company and SI Environment entered into the Share Lending Agreement, pursuant to which the Company has agreed that a wholly-owned subsidiary of the Company will lend the Loan Shares to SI Environment for the sole purpose of facilitating delivery of the Placement Shares to the Joint Placement Agents and/or Placees procured by the Joint Placement Agents on the completion of the Placement (the “**Approved Purpose**”).

THE PLACEMENT AGREEMENT

Date

8 July 2014

Parties

- (a) SI Environment;
- (b) Credit Suisse; and
- (c) Jefferies.

The Placement

Pursuant to the Placement Agreement, SI Environment has agreed to offer the Placement Shares, and the Joint Placement Agents have agreed to, on a best effort basis and in observance of the selling restrictions as set out in the Placement Agreement, procure subscriptions for up to 1,000,000,000 new Shares to be allotted and issued by SI Environment at the placement price of S\$0.158 per Placement Share.

To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, the Joint Placement Agents and their respective ultimate beneficial owners are third parties independent of the Company and are not connected persons of the Company.

Placees

It is expected that the Placees and their ultimate beneficial owners will not be connected persons of the Company.

Placement Price

The placement price of S\$0.158 per Placement Share represents a discount of 8.56% to the volume-weighted average price of S\$0.1728 per Share, based on the trades done on the SGX-ST on 7 July 2014 (being the last preceding full market day on which the SGX-ST was open for trading in securities) up to the time the Placement Agreement was signed. The placement price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between SI Environment and the Joint Placement Agents.

Assuming the Placement Shares are placed in full and subject to the completion of the Placement, the gross proceeds of the Placement are expected to amount to S\$158,000,000 (equivalent to approximately HK\$982,349,200) and the net proceeds of the Placement (after deducting commissions payable to the Joint Placement Agents (being 2.0% of the gross proceeds of the Placement) and the expenses) are expected to amount to approximately S\$154,780,000 (equivalent to approximately HK\$962,329,172).

Rights and Ranking of the Placement Shares

The Placement Shares shall be issued free from all claims, pledges, mortgages, charges, liens and encumbrances, and shall rank in all respects *pari passu* with the existing Shares save that they will not rank for any dividends, rights, allotments or other distributions, the record date of which falls on or before the date of the issue of the Placement Shares.

Conditions of the Placement

Completion of the Placement is conditional upon, among other things:

- (a) the Share Lending Agreement being duly executed by the Company and SI Environment and being in full force and effect and not having been breached, and the loan of the Loan Shares thereunder not having been terminated;
- (b) the transactions contemplated by the Placement Agreement (including but not limited to the allotment, issue and subscription of the Placement Shares) not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Placement Agreement by any legislative, executive or regulatory body or authority of Singapore which is applicable to SI Environment or the Joint Placement Agents;
- (c) the delivery by SI Environment to the Joint Placement Agents on the completion date of the Placement set out in the Placement Agreement, of (i) a certificate of no material adverse change, substantially in the form set out in the Placement Agreement, signed on behalf of SI

Environment by its duly authorised officer, and (ii) respective opinions of the legal counsel to SI Environment and the legal counsel to the Joint Placement Agents, each in the form and substance satisfactory to the Joint Placement Agents;

- (d) the representations, warranties and undertakings by SI Environment in the Placement Agreement remaining true and correct as at the date of Completion, and SI Environment having performed all of its obligations thereunder to be performed on or before the date of Completion; and
- (e) there not having occurred, in the reasonable opinion of any of the Joint Placement Agents, any material adverse change in relation to SI Environment and/or SI Environment Group, whether or not arising from transactions in the ordinary course of business, or the occurrence of certain events (as set out in the Placement Agreement) subsequent to the date of the Placement Agreement which, in the reasonable opinion of the Joint Placement Agents, is or is likely to be materially adverse in the context of the Placement or is likely to prejudice materially the success of the Placement or dealings in the Placement Shares.

Completion of the Placement

The Placement is expected to be completed on or around 14 July 2014.

THE SHARE LENDING AGREEMENT

Date

8 July 2014

Parties

- (a) the Company; and
- (b) SI Environment.

The Loan

Pursuant to the Share Lending Agreement, the Company has agreed that a wholly-owned subsidiary of the Company will make available the Loan Shares for a nominal consideration of S\$1.00. At the instruction of SI Environment or any of the Joint Placement Agents, and on the terms of and subject to the conditions contained in the Share Lending Agreement, the wholly-owned subsidiary of the Company will lend the Loan Shares to SI Environment for the Approved Purpose.

SI Environment intends to return any Loan Shares borrowed via the issue and allotment of the Repayment Shares (as defined below) free from all encumbrances to the Company or its designated beneficiary, and will be making an application to the SGX-ST for the listing and quotation of the number of new Shares equal to the number of the Loan Shares on the Official List of the SGX-ST (the “**Repayment Shares**”).

Pursuant to the Share Lending Agreement, SI Environment will return the Loan Shares no later than three (3) business days following the earlier of: (i) the date the Share Lending Agreement is terminated in accordance with the terms thereof, or (ii) the date on which the SGX-ST grants its in-principle approval for the listing and quotation of the Repayment Shares on the Official List of the SGX-ST, or such earlier date as may be agreed between SI Environment and the Company.

CHANGE IN THE COMPANY'S INTEREST IN SI ENVIRONMENT

Pursuant to the Placement Agreement, SI Environment has agreed to allot and issue up to 1,000,000,000 new Shares, representing approximately 11.64% of the existing issued share capital of SI Environment and approximately 10.43% of the enlarged issued share capital of SI Environment.

As at the date of this announcement, the Company indirectly holds approximately 46.72% of SI Environment's entire issued share capital. Assuming the Placement Shares are placed in full and after SI Environment returns the Loan Shares, the Company will indirectly hold an aggregate of 4,012,841,132 Shares, representing approximately 41.85% of the enlarged issued share capital of SI Environment.

Other than the nominal consideration received for entering into the Share Lending Agreement, no gain or loss is expected to accrue to the Company in respect of the Placement and the Loan.

LISTING RULES IMPLICATIONS

The Company has announced on 14 October 2013 (the "**14 October 2013 Announcement**") in relation to the Former Placement of Shares by SI Environment and TPL's Option to allocate a portion of the placement shares to a connected person of the Company. Pursuant to the terms of the Subscription Agreement, the Former Placement of Shares was completed and TPL's Option was exercised. After completion of the Placement and return of the Loan Shares, SI Environment will remain as a subsidiary of the Company as SI Environment's accounts will continue to be consolidated in the Company's accounts.

The Placement is a deemed disposal under Chapter 14 of the Listing Rules. As the Former Placement of Shares, the exercise of the Option and the Placement (collectively, the "**Transactions**") will all be completed within a 12-month period, the Directors consider that the Transactions should be aggregated pursuant to Rule 14.22 of the Listing Rules.

Before the completion of the Former Placement of Shares, the number of Shares indirectly held by the Company was 2,762,754,132, representing approximately 50.33% of SI Environment's entire issued share capital (excluding its treasury Shares). Assuming the Placement Shares are placed in full and after the Loan Shares are returned to the Company by SI Environment, after completion of the Placement, the number of Shares indirectly held by the Company will be 4,012,841,132, representing approximately 41.85% of SI Environment's enlarged issued share capital (excluding its treasury Shares).

As one of the applicable percentage ratios in respect of the Transactions on an aggregated basis exceeds 5% but is less than 25%, the Transactions together constitute discloseable transactions of the Company under the Listing Rules and are subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14 of the Listing Rules.

REASONS FOR AND BENEFITS OF THE PLACEMENT AND THE LOAN

The Group has strived to increase the investment scale of its water and environmental operations to accelerate its growth. SI Environment intends to use the net proceeds of the Placement to finance SI Environment Group's business expansion, to repay existing borrowings, to enlarge the general working capital of SI Environment Group, and for general corporate purposes. With the proceeds from the Placement, SI Environment Group will be better positioned financially to embark on its organic growth such as expansion of subsequent phases and output water quality upgrading works, and seize good business opportunities, including merger and acquisition opportunities and greenfield project opportunities, as and when they come along.

INFORMATION ON THE COMPANY AND SI ENVIRONMENT

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

SI Environment, a company listed on the Main Board of the SGX-ST, is an active investor and operator of environmental related assets and has been operating in China's environmental protection sector for more than a decade. The SI Environment Group currently boasts a portfolio of more than 40 water treatment projects and 3 waste incineration projects across 13 municipality and provinces, namely Shandong, Guangdong, Hubei, Hunan, Jiangsu, Shanghai, Zhejiang, Fujian, Guangxi, Henan, Liaoning, Shanxi and Sichuan.

Based on the financial information of SI Environment prepared under Singapore Financial Reporting Standards, the net profits before taxation and extraordinary items for the financial years ended 31 December 2012 and 31 December 2013 were approximately RMB204,882,000 and RMB288,864,000, respectively, and the net profits after taxation and extraordinary items for the financial years ended 31 December 2012 and 31 December 2013 were approximately RMB177,245,000 and RMB214,622,000, respectively.

DEFINITIONS

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

"14 October 2013 Announcement"	as defined in the section headed "Listing Rules Implications" in this announcement
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“Approved Purpose”	as defined in the section headed “Introduction” in this announcement
“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
“Completion”	as defined in the sub-section headed “Completion of the Placement” in this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Credit Suisse”	Credit Suisse (Singapore) Limited, a company incorporated in Singapore and having its registered office at One Raffles Link, #03/#04-01 South Lobby, Singapore 039393
“Directors”	directors of the Company
“Former Placement of Shares”	the placement of Shares pursuant to the terms of the Subscription Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Jefferies”	Jefferies Singapore Limited, a company incorporated in Singapore and having its registered office at 80 Raffles Place, UOB Plaza 2 #15-20, Singapore 048624
“Joint Placement Agents”	the joint placement agents under the Placement Agreement, comprising Credit Suisse and Jefferies, both of which are third parties independent of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan”	the lending of the Loan Shares by a wholly-owned subsidiary of the Company to SI Environment pursuant to the Share Lending Agreement
“Loan Shares”	up to 1,000,000,000 existing Shares beneficially held by the Company, for which a wholly-owned subsidiary of the Company will lend to SI Environment for the Approved Purpose

“Option”	the option granted to TPL by SI Environment, which was exercised by TPL pursuant to the terms of the Subscription Agreement
“Placee(s)”	any professional, institutional and other investor whom the Joint Placement Agents will procure to purchase the Placement Shares
“Placement”	the placement of the Placement Shares by SI Environment as contemplated under the Placement Agreement
“Placement Agreement”	the placement agreement dated 8 July 2014 entered into between SI Environment and the Joint Placement Agents, pursuant to which SI Environment has agreed to allot and issue, and the Joint Placement Agents have agreed to procure subscriptions for, the Placement Shares
“Placement Shares”	up to 1,000,000,000 new Shares to be allotted and issued by SI Environment pursuant to the terms of the Placement Agreement
“Repayment Shares”	as defined in the section headed “The Share Lending Agreement” in this announcement
“S\$”	Singapore dollars, the lawful currency of Singapore
“SGX-ST”	the Singapore Exchange Securities Trading Limited
“Share(s)”	the ordinary shares of SI Environment
“Share Lending Agreement”	the share lending agreement dated 8 July 2014 entered into between SI Environment and the Company, pursuant to which SI Environment has agreed to borrow, and the Company has agreed that a wholly-owned subsidiary of the Company will lend, the Loan Shares
“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
“SI Environment Group”	SI Environment and its subsidiaries
“Singapore”	the Republic of Singapore
“Subscription Agreement”	the subscription agreement dated 11 October 2013 entered into between TPL and SI Environment, details of which were set out in the 14 October 2013 Announcement

“subsidiary”	has 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
“Transactions”	as defined in the section headed “Listing Rules Implications” in this announcement, including the Former Placement of Shares, the exercise of the Option and the Placement

For the purposes of this announcement, the exchange rate of S\$1.00 = HK\$6.2174 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, 8 July 2014

As at the date of this announcement, the board of the Company comprises:

Executive Directors:

Mr. Wang Wei, Mr. Zhou Jie, Mr. Lu Shen, Mr. Zhou Jun, Mr. Ni Jian Da and Mr. Xu Bo

Independent Non-Executive Directors:

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