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(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

DISCLOSEABLE TRANSACTIONS

ACQUISITION OF FUDAN WATER ENGINEERING AND TECHNOLOGY CO., LTD. BY SIIC ENVIRONMENT HOLDINGS LTD.

AND

DEEMED DISPOSAL OF EQUITY INTEREST IN SIIC ENVIRONMENT HOLDINGS LTD.

SALE AND PURCHASE AGREEMENT

On 24 March 2015, SI Environment, a non-wholly owned subsidiary of the Company, Global Environment, Global Envirotech, Global HK and Fudan Water entered into the Sale and Purchase Agreement, pursuant to which SI Environment has agreed to acquire, and Global Environment has agreed to sell, the entire issued and paid-up capital of Global Envirotech. As at the date of this announcement, Global Envirotech, through its wholly-owned subsidiary Global HK, holds 92.15% of the registered capital of Fudan Water.

Pursuant to the Sale and Purchase Agreement, the consideration of the Acquisition is RMB1,068,820,000 (equivalent to approximately HK\$1,335,691,000), which shall be payable by SI Environment to Global Environment through a combination of cash in the amount of RMB151,701,741 (equivalent to approximately HK\$189,580,000) and the allotment and issue of an aggregate of 1,560,000,000 ordinary shares in the capital of SI Environment at an issue price of S\$0.132 per share. In addition to the consideration of the Acquisition, SI Environment has agreed to repay an outstanding debt which is equivalent to RMB479,180,000 (equivalent to approximately HK\$598,825,000) in Global HK within 10 days of receipt of relevant creditors' account details from Global Environment after completion of the Acquisition. Therefore, the aggregate consideration under the Sale and Purchase Agreement is RMB1,548,000,000 (equivalent to approximately HK\$1,934,516,000).

LISTING RULES IMPLICATIONS

Assuming the Consideration Shares are placed in full, the Company's equity interest in SI Environment will decrease from approximately 41.85% to approximately 35.99%, and the allotment and issue of the Consideration Shares will constitute a deemed disposal of the Company's equity interest in SI Environment under Chapter 14 of the Listing Rules. Following completion of the Acquisition and the allotment and issue of the Consideration Shares, SI Environment will remain as a subsidiary of the Company as its accounts will continue to be consolidated in the Company's accounts.

As the highest applicable percentage ratios in respect of each of the Acquisition and the Deemed Disposal exceeds 5% but is less than 25%, the Acquisition and the Deemed Disposal constitute a discloseable transaction of the Company under the Listing Rules and will be subject to the reporting and announcement requirements, but are exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

On 24 March 2015, SI Environment, a non-wholly owned subsidiary of the Company, Global Environment, Global Envirotech, Global HK and Fudan Water entered into the Sale and Purchase Agreement, pursuant to which SI Environment has agreed to acquire, and Global Environment has agreed to sell, the entire issued and paid-up capital of Global Envirotech. As at the date of this announcement, Global Envirotech, through its wholly-owned subsidiary Global HK, holds 92.15% of the registered capital of Fudan Water.

SALE AND PURCHASE AGREEMENT

Date

24 March 2015

Parties

- (a) SI Environment, as the purchaser;
- (b) Global Environment, as the vendor;
- (c) Global Envirotech, as the target company;
- (d) Global HK, as a wholly owned subsidiary of the target company; and
- (e) Fudan Water, as a non-wholly owned subsidiary of the target company.

Acquisition

Pursuant to the Sale and Purchase Agreement, SI Environment has agreed to acquire, and Global Environment has agreed to sell, the entire issued and paid-up capital of Global Envirotech.

To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, Global Environment and its respective ultimate beneficial owners are third parties independent of the Group and are not connected persons of the Group.

Consideration

Pursuant to the Sale and Purchase Agreement, the consideration of the Acquisition is RMB1,068,820,000 (equivalent to approximately HK\$1,335,691,000), which was negotiated on an arm's length basis between SI Environment and Global Environment and was arrived at after taking into consideration of (a) the earnings and growth potential of the Global Group, (b) the value of net assets acquired through the Acquisition and (c) the Valuation Report conducted by the Independent Valuer. In addition to the consideration of the Acquisition, after completion of the Acquisition, SI Environment has agreed to repay an outstanding debt which is equivalent to RMB479,180,000 (equivalent to approximately HK\$598,825,000) in Global HK within 10 days of receipt of relevant creditors' account details from Global Environment.

Therefore, the aggregate consideration under the Sale and Purchase Agreement is RMB1,548,000,000 (equivalent to approximately HK\$1,934,516,000). The aggregate consideration will be funded by a loan from the Company to SI Environment on normal commercial terms. The Board considers that the sum of the aggregate consideration is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

The consideration of the Acquisition shall be payable by SI Environment to Global Environment as follows:

- (1) an amount of RMB151,701,741 (equivalent to approximately HK\$189,580,000) to be paid by cash as deposit (the "**Deposit**"); and
- (2) the balance of RMB917,118,259 (equivalent to approximately HK\$1,146,111,000) to be wholly satisfied by the allotment and issue of an aggregate of 1,560,000,000 ordinary shares in the capital of SI Environment (the "**Consideration Shares**") at an issue price of S\$0.132 per share (the "**Issue Price**") by SI Environment to Global Environment and/or its designated nominees. The Issue Price represents a discount of 12.2% to the volume weighted average

price of the ordinary shares in the capital of SI Environment traded on the SGX-ST on 24 March 2015 on which the Sale and Purchase Agreement is signed.

The Deposit shall be paid by SI Environment in US dollars within 10 days after the date of the Sale and Purchase Agreement. As security for the payment of the Deposit, Global Environment will execute a share charge over 20% of its shareholdings in Global Envirotech in favour of SI Environment.

Pursuant to the Sale and Purchase Agreement, (a) 98% of the Consideration Shares (the “**Part Consideration Shares**”) shall be allotted and issued by SI Environment upon fulfillment of the Conditions Precedent I (as defined below); and (b) the remaining 2% of the Consideration Shares (the “**Balance Consideration Shares**”) shall be allotted and issued by SI Environment upon fulfillment of the Conditions Precedent II (as defined below).

Consideration Shares

Rights and Ranking

The Consideration Shares shall be credited as fully paid-up and free and clear from any and all encumbrances and together with all rights attaching or accruing thereto, and shall rank *pari passu* with the existing issued shares of SI Environment as at the date of the allotment and issue.

Adjustment

In the event that, for the period between date of the Sale and Purchase Agreement and the date of the allotment and issue of the Part Consideration Shares and/or the Balance Consideration Shares (as the case may be), SI Environment has completed a share consolidation or a share subdivision exercise on its issued and paid-up share capital, the number of the Consideration Shares (the “**Adjusted Consideration Shares**”) and the Issue Price (the “**Adjusted Issue Price**”) shall be adjusted in accordance with the following formula:

Adjusted Issue Price = Issue Price x Adjustment Ratio (as defined below)

Adjusted Consideration Shares = (Consideration Shares x Issue Price) / Adjusted Issue Price

“**Adjustment Ratio**” shall mean the ratio of the shares to be consolidated or subdivided into one share in the issued and paid-up capital of SI Environment. For illustrative purposes: (a) if five shares are to be consolidated into one share, the Adjustment Ratio shall be 5; or (b) if one share is to be subdivided into five shares, the Adjustment Ratio shall be 0.2.

Completion

The Acquisition (including the allotment and issue of the Part Consideration Shares by SI Environment) is expected to be completed on or before 30 June 2015 (the “**Completion Date**”) or such later date as may be mutually agreed upon by SI Environment and Global Environment in writing.

The allotment and issue of the Balance Consideration Shares by SI Environment is expected to be completed within 90 days after completion of the Acquisition or such later date as SI Environment and Global Environment may mutually agree in writing.

Conditions Precedent

Completion of the Acquisition is conditional upon the following conditions (the “**Conditions Precedent I**”):

Conditions Precedent to be Fulfilled by Global Environment

- (a) Global Environment having duly executed a share charge over 20% of its shareholdings in Global Envirotech in favour of SI Environment;
- (b) The warranties by Global Environment in favour of SI Environment (or its subsidiary) remaining true in all material respects on and as of the Completion Date with the same force and effect as though made on and as of the Completion Date. The Global Group shall have performed and complied with all covenants and agreements required by the Sale and Purchase Agreement to be performed or complied with by the Global Group on or prior to the Completion Date;
- (c) All required consents shall have been obtained without restrictions or limitations whatsoever unacceptable to SI Environment, and be in full force and effect, in particular, and without limitation, the approval of Global Environment’s shareholders at a general meeting (if necessary) and their respective board of directors;

Conditions Precedent to be Fulfilled by SI Environment

- (a) The warranties by SI Environment in favour of Global Environment shall be true in all material respects on and as of the Completion Date with the same force and effect as though made on and as of the Completion Date. SI Environment shall have performed and complied with all covenants and agreements required by the Sale and Purchase Agreement to be performed or complied with by SI Environment on or prior to the Completion Date;
- (b) All required consents shall have been obtained without restrictions or limitation whatsoever unacceptable to Global Environment, and be in full force and effect, in particular, and without limitation, the approval of SI Environment’s shareholders at a general meeting and its board of directors and the regulatory authorities (including the SGX-ST) in respect of the Acquisition required under the SGX-ST Listing Manual;
- (c) The results of the legal, financial and structural due diligence to be undertaken by SI Environment and its advisors on the Global Group being satisfactory to SI Environment in its sole and absolute discretion;

- (d) The receipt and non-withdrawal of the approval-in-principle from the SGX-ST (the “**Listing Approval**”) for, amongst other things, the listing and quotation of the Consideration Shares on the Mainboard of the SGX-ST and any such conditions as may be attached to the Listing Approval which is required to be and which can be fulfilled on or before 30 June 2015, has been fulfilled on or before 30 June 2015 to the satisfaction of the SGX-ST or waived by the SGX-ST; and
- (e) Save for the outstanding debts amounting to RMB479,180,000 (equivalent to approximately HK\$598,825,000), any liabilities outstanding in the books of Global HK and Global Environment having been novated to SI Environment or any party designated by SI Environment.

The allotment and issue of the Balance Consideration Shares by SI Environment is subject to the following conditions (the “**Conditions Precedent II**”), to be satisfied within 90 days of the completion of the Acquisition or such later date as Global Environment and SI Environment may mutually agree in writing:

- (a) The warranties by Global Environment in favour of SI Environment (or its subsidiary) shall remain true in all material respects on and as of the date of the allotment and issue of the Balance Consideration Shares with the same force and effect as though made on and as of the date of allotment and issue of the Balance Consideration Shares (the “**Balance Consideration Shares Issue Date**”) with the same force and effect as though made on and as of the Balance Consideration Shares Issue Date. The Global Group shall have performed and complied with all covenants and agreements required by the Sale and Purchase Agreement to be performed or complied with by the Global Group on or prior to the Balance Consideration shares Issue Date; and
- (b) Global Environment providing SI Environment with evidence (to the satisfaction of SI Environment) indicating that the receivables amounting to RMB1,800,000 (equivalent to approximately HK\$2,249,000) owing to Fudan Water by Shanghai Kexing Biotechnology Ltd. has been settled.

PROFIT FORECAST REQUIREMENT UNDER THE LISTING RULES

The Independent Valuer has to determine the fair value estimate of Fudan Water Group. As a result, the Valuation Report by the Independent Valuer constitutes a profit forecast under Rule 14.61 of the Listing Rules.

The Company will make a further announcement in accordance with the requirements under Rule 14.60A of the Listing Rules, which sets out, among other things, the principal assumptions upon which the Valuation Report was prepared; a letter from the Board setting out the confirmation that the valuation is made after due and careful enquiry; and the letter from the Company’s reporting accountant confirming the results of its review of the accounting policies and calculations under the valuation as required by the Listing Rules.

FINANCIAL INFORMATION ON FUDAN WATER

The audited net profits (both before and after taxation) of Fudan Water for the two years ended 31 December 2012 and 2013, which were prepared in accordance with generally accepted accounting principles in the PRC, were as follows:

	Year ended 31 December	
	2012 <i>RMB</i>	2013 <i>RMB</i>
Net profit before taxation	62,965,000 (equivalent to approximately HK\$78,687,000)	80,803,000 (equivalent to approximately HK\$100,979,000)
Net profit after taxation	59,790,000 (equivalent to approximately HK\$74,719,000)	77,143,000 (equivalent to approximately HK\$96,405,000)

The audited total equity of Fudan Water as at 31 December 2013 was approximately RMB511,863,000 (equivalent to approximately HK\$639,669,000).

DEEMED DISPOSAL – CHANGE IN THE COMPANY’S INTEREST IN SI ENVIRONMENT

Pursuant to the Sale and Purchase Agreement, SI Environment has agreed to allot and issue up to 1,560,000,000 Consideration Shares, representing approximately 16.27% of the existing issued share capital of SI Environment and approximately 13.99% of the enlarged issued share capital of SI Environment.

As at the date of this announcement, the Company indirectly holds approximately 41.85% of the entire issued share capital of SI Environment. Assuming the Consideration Shares are placed in full, the Company will indirectly hold approximately 35.99% of the enlarged issued share capital of SI Environment.

Accordingly, the Company’s equity interest in SI Environment will be reduced by approximately 5.86%, and the allotment and issue of the Consideration Shares will constitute a deemed disposal of the Company’s equity interest in SI Environment under Chapter 14 of the Listing Rules (the “**Deemed Disposal**”). Following completion of the Acquisition and the allotment and issue of the Consideration Shares, SI Environment will remain as a subsidiary of the Company, as its accounts will continue to be consolidated in the Company’s accounts.

Based on the unaudited equity attributable to owners of SI Environment as at 31 December 2014 and the Group’s shareholding in SI Environment is diluted from 41.85% to 35.99% upon completion of the issue of Consideration Share, it is expected that the Group will account for the

issue of Consideration Share as an equity transaction and the difference between the consideration of RMB917,118,259 (equivalent to approximately HK\$1,146,111,000) and the change of the Group's interest in equity attributable to owners of SI Environment amounting to approximately RMB113,000,000 (equivalent to approximately HK\$141,000,000) is credited to other reserve.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is of the view that the terms of the Acquisition are fair and reasonable and will be in the best interests of the Company and its shareholders as a whole.

The Global Group engages in waste water treatment in Shanghai City, Jiangsu, Zhejiang and Guangdong provinces in the PRC. The location of the Global Group's business has a strategic significance to the Group as it would potentially serve as a platform for the Group to secure more opportunities in the respective regions. The Acquisition is a strategic addition and complementary to the Group's existing business and operational capabilities. Overall, the Acquisition presents an opportunity for the Group to acquire a business in the same industry and is in line with the Group's ordinary course of business, with a view to expanding SI Environment's current business operations including expansion in SI Environment's geographical coverage and daily treatment capacity, thereby enhancing shareholders' value.

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 has a portfolio of more than 40 water treatment projects and 3 waste incineration projects across 14 municipality and provinces in the PRC.

INFORMATION ON GLOBAL GROUP

Global Envirotech and Global HK are investment holding companies.

The Fudan Water Group is principally engaged in the business of water treatment engineering, development, technology transfer, technology consultation and technology service in the water ecological restoration area; and development of water treatment materials and equipment and undertake approximately 10 projects in the PRC, located in Shanghai City, Jiangsu, Zhejiang and Guangdong provinces, with a planned water treatment capacity of over 1 million tons/day.

As at the date of this Announcement, Global Envirotech owns the entire issued and paid-up capital of Global HK, and Global HK owns 92.15% of the registered capital of Fudan Water.

LISTING RULES IMPLICATIONS

Assuming the Consideration Shares are placed in full, the Company's equity interest in SI Environment will decrease from approximately 41.85% to approximately 35.99%, and the allotment and issue of the Consideration Shares will constitute a deemed disposal of the Company's equity interest in SI Environment under Chapter 14 of the Listing Rules. Following completion of the Acquisition and the allotment and issue of the Consideration Shares, SI Environment will remain as a subsidiary of the Company, as its accounts will continue to be consolidated in the Company's accounts.

As the highest applicable percentage ratios in respect of each of the Acquisition and the Deemed Disposal exceeds 5% but is less than 25%, the Acquisition and the Deemed Disposal constitute a discloseable transaction of the Company under the Listing Rules and will be subject to the reporting and announcement requirements, but are exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

As the completion of the Acquisition and the Deemed Disposal is conditional upon satisfaction of the conditions precedent as set out under the section headed "Conditions Precedent" in this announcement, the Acquisition and the Deemed Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

"Acquisition"	the acquisition of the entire issued and paid-up capital of Global Envirotech pursuant to the Sale and Purchase Agreement
"Adjusted Consideration Shares"	as defined in the section headed "Consideration Shares" in this announcement
"Adjusted Issue Price"	as defined in the section headed "Consideration Shares" in this announcement
"Balance Consideration Shares"	as defined in the section headed "Consideration" in this announcement
"Balance Consideration Shares Issue Date"	as defined in the section headed "Conditions Precedent" in this announcement
"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 of Hong Kong Limited

“Completion Date”	as defined in the section headed “Completion” in this announcement
“Conditions Precedent I”	as defined in the section headed “Conditions Precedent” in this announcement
“Conditions Precedent II”	as defined in the section headed “Conditions Precedent” in this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration Shares”	as defined in the section headed “Consideration” in this announcement
“Deemed Disposal”	as defined in the section headed “Deemed Disposal – Change in the Company’s Interest in SI Environment” in this announcement
“Deposit”	as defined in the section headed “Consideration” in this announcement
“Directors”	the directors of the Company
“Fudan Water”	Fudan Water Engineering and Technology Co., Ltd.* (上海復旦水務工程技術有限公司), a company with limited liability duly incorporated in the PRC, with a total registered and paid-up capital of RMB300,000,000
“Fudan Water Group”	Fudan Water and its subsidiaries
“Global Environment”	Global Environment Investment Ltd., an investment holding company incorporated in the British Virgin Islands
“Global Envirotech”	Global Envirotech Investment Ltd., an investment holding company incorporated in the British Virgin Islands, with an issued and paid-up capital of US\$100.00, consisting of 100 ordinary shares
“Global Group”	consisting of Global Envirotech, Global HK, Fudan Water, and their subsidiaries
“Global HK”	Global Environment Investment (HK) Limited, an investment holding company incorporated in Hong Kong, with an issued and paid-up capital of US\$10,000, consisting of 10,000 ordinary shares

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Valuer”	Shanghai International Tendering Co., Ltd.* (上海國際招標有限公司), an independent valuer commissioned by SI Environment to conduct a desktop fair value estimate range as at 30 September 2014 for the purpose of the Acquisition
“Issue Price”	as defined in the section headed “Consideration” in this announcement
“Listing Approval”	as defined in the section headed “Conditions Precedent” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Part Consideration Shares”	as defined in the section headed “Consideration” in this announcement
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“S\$”	Singapore dollars, the lawful currency of Singapore
“Sale and Purchase Agreement”	the sale and purchase entered into among SI Environment, Global Environment, Global Envirotech, Global HK and Fudan Water dated 24 March 2015, pursuant to which SI Environment has agreed to acquire, and Global Environment has agreed to sell, the entire issued and paid-up capital of Global Envirotech
“SGX-ST”	the Singapore Exchange Securities Trading Limited
“Shareholders”	shareholders of the Company
“SI Environment”	SIIC Environment Holdings Ltd., a non-wholly owned subsidiary of the Company as at the date of this announcement, 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
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“US\$”	US dollars, the lawful currency of the United States of America
“Valuation Report”	The valuation report issued in February 2015 by the Independent Valuer regarding the valuation of 92.15% equity interest in Fudan Water as at 30 September 2014
“%”	per cent.

For the purposes of this announcement, the exchange rates of S\$1.00 = RMB4.444 and HK\$1.00 = RMB0.8002 have been used, where applicable, for purpose of illustration only and do 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, 24 March 2015

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Wang Wei, Mr. Zhou Jie, Mr. Lu Shen, Mr. Zhou Jun 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

** for identification purpose only*