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(incorporated in Hong Kong with limited liability)

(Stock Code: 363)

DISCLOSEABLE TRANSACTION

SUBSCRIPTION OF THE PLACEMENT SHARES OF SIIC ENVIRONMENT HOLDINGS LTD.

THE SUBSCRIPTION

The Board is pleased to announce that on 16 January 2017, the Company entered into the Subscription Agreement with SI Environment, a non-wholly owned subsidiary of the Company, pursuant to which the Company has agreed to subscribe for, and SI Environment has agreed to allot and issue, an aggregate of 350,000,000 new shares in SI Environment at the placement price of S\$0.63 per Placement Share.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the subscription of the Placement Shares exceeds 5% but is less than 25%, the subscription of the Placement Shares constitutes a discloseable transaction for 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.

THE SUBSCRIPTION

The Board is pleased to announce that on 16 January 2017, the Company entered into the Subscription Agreement with SI Environment, a non-wholly owned subsidiary of the Company.

Subject Matter

Pursuant to the Subscription Agreement, the Company has agreed to subscribe for, and SI Environment has agreed to allot and issue, an aggregate of 350,000,000 new shares in SI Environment at the placement price of S\$0.63 or its equivalent in HK\$ or US\$ per Placement Share. TPL, a wholly-owned subsidiary of the Company, will act as the nominee of the Company to subscribe for the Placement Shares.

The Placement Shares will rank pari passu in all respects with the existing shares in 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.

The Company has undertaken to SI Environment that it shall not, and shall procure TPL not to, dispose any part of TPL's shareholding in SI Environment for the period of six months commencing from the date of listing of the Placement Shares on the Mainboard of the SGX-ST, and the Company has further agreed to procure TPL to remain as its subsidiary for the abovementioned period.

Placement Price

The Placement Price of S\$0.63 per Placement Share, in an aggregate amount of S\$220,500,000, is payable by the Company at Completion.

The Placement Price represents a premium of 10.91% to the volume weighted average price of S\$0.568 per share in SI Environment for trades done on the SGX-ST on 13 January 2017 (being the last full market day in Singapore prior to which the Subscription Agreement was signed).

The Placement Price was determined after arm's length negotiations between the Company and SI Environment on normal commercial terms after taking into account, among other factors, the prevailing trading price of the shares in SI Environment and the financial position and prospects of SI Environment.

Conditions Precedent for Subscription

Completion of the subscription of the Placement Shares is conditional upon, among other things, the satisfaction (or waiver, save for the conditions precedent set out in paragraphs (a) to (f) and (h) below) of the following conditions on or before the date falling 90 calendar days after the date of the Subscription Agreement or such other date as the Company and SI Environment may agree in writing:

- (a) the specific approval(s) from the shareholders of SI Environment for the placement of the Placement Shares, as required under the SGX-ST Rules (including (i) Rule 812 of the SGX-ST Rules in relation to the placement of the Placement Shares to SI Environment's substantial shareholders and/or related companies of SI Environment's substantial shareholder, and (ii) Chapter 9 of the SGX-ST Rules in relation to the placement of the Placement Shares as an interested person transaction), having been obtained (each on terms and conditions acceptable

to SI Environment and the Company, each acting reasonably) and not being revoked or amended;

- (b) the receipt by SI Environment of an approval in-principle for the listing of and quotation for the Placement Shares on the Mainboard of the SGX-ST (the “**Listing Approval**”) having been obtained from the SGX-ST (on terms and conditions acceptable to SI Environment and the Company, each acting reasonably) and not being revoked or amended;
- (c) the waiver from the SIC in respect of the obligation by the Company and its concert parties to make a mandatory general offer under Rule 14 of the Singapore Takeovers Code for all the shares in the capital of SI Environment in issue not already owned, controlled or agreed to be acquired by the Company and its concert parties as a result of the allotment and issuance of the Placement Shares to the Company (and/or its concert parties, if any) (the “**Whitewash Waiver**”) having been obtained (on terms and conditions acceptable to SI Environment and the Company, each acting reasonably) and not being revoked or amended;
- (d) the approval of a whitewash resolution from independent shareholders of SI Environment for the waiver of their rights to receive such a mandatory general offer from the Company and/or their concert parties pursuant to Rule 14 of the Singapore Takeovers Code;
- (e) any conditions attached to the Listing Approval or the Whitewash Waiver which is required to be fulfilled on or before the Completion Date, having been fulfilled on or before that date to the satisfaction of the SGX-ST or the SIC (as the case may be) unless waived by the SGX-ST or the SIC (as the case may be);
- (f) the Company obtaining the necessary corporate approval(s) and approval(s) from all applicable governmental authorities and/or the Hong Kong Stock Exchange or such other recognised stock exchanges or share exchanges (the “**Recognised Stock Exchange**”) to subscribe for the Placement Shares at the total Placement Price in accordance with the terms of the Subscription Agreement;
- (g) SI Environment or the Company not in breach of any of the undertakings and covenants given in the Subscription Agreement as at the Completion Date, and if any of such undertakings and covenants are required to be fulfilled on or before the Completion Date, such undertakings and covenants shall have been fulfilled prior to Completion Date; and
- (h) the Subscription not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Subscription Agreement by any legislative, executive or regulatory body or authority of Singapore or elsewhere which is applicable to SI Environment or the Company (including but not limited to the SGX-ST, the SIC, and the competent governmental authorities in Hong Kong, and the Hong Kong Stock Exchange and the Recognised Stock Exchange).

In respect of the condition precedent set out in paragraph (b) above, SI Environment will be submitting an additional listing application to the SGX-ST and SI Environment will make the necessary announcement once the Listing Approval has been obtained from the SGX-ST.

Completion

Completion shall take place on the date falling no later than five business days after the date the last of the conditions precedent in the Subscription Agreement are satisfied, or such other date as the Company and SI Environment may agree in writing.

As at the date of this announcement, the Company indirectly held 847,688,226 shares in SI Environment, representing approximately 37.56% of SI Environment's entire issued share capital (excluding its treasury shares). SI Environment is accounted for as a subsidiary of the Company.

Upon Completion, the Company will indirectly hold an aggregate of 1,197,688,226 shares in SI Environment, representing approximately 45.95% of SI Environment's enlarged issued share capital (excluding its treasury shares), and SI Environment will remain as a subsidiary of the Company upon Completion.

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 SI ENVIRONMENT

SI Environment, a company listed on the Mainboard 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.

The unaudited consolidated net asset value of SI Environment as at 30 June 2016 was approximately RMB5,769,699,000. The audited consolidated net profits (before taxation) of SI Environment for the two years ended 31 December 2014 and 2015 were approximately RMB437,943,000 and approximately RMB523,996,000, respectively. The audited consolidated net profits (after taxation) of SI Environment for the two years ended 31 December 2014 and 2015 were approximately RMB290,708,000 and approximately RMB360,390,000, respectively.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group has strived to increase the investment scale of its water and environmental operations to accelerate its growth. The Company considers that the subscription of the Placement Shares and the increase in shareholding in SI Environment is in line with the Group's development strategy to expand its infrastructure facilities business.

SI Environment intends to use the net proceeds from the subscription of the Placement Shares to finance its business expansion, repay existing borrowings and improve its gearing ratio, improve its cash flow, increase working capital and for general corporate purposes. The directors of the

Company are of the view that the terms of the subscription of Placement Shares under the Subscription Agreement are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

SI Environment intends to further explore ways and/or adopt measures with the objective of boosting its issued share capital and increasing its value. The Company will make further announcement(s) as and when appropriate or required under the Listing Rules.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the subscription of the Placement Shares exceeds 5% but is less than 25%, the subscription of the Placement Shares constitutes a discloseable transaction for 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.

DEFINITIONS

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

“Board”	the board of directors of the Company
“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”	completion of the subscription of the Placement Shares pursuant to the Subscription Agreement
“Completion Date”	the date of Completion
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Placement”	the placement of the new shares by SI Environment as contemplated under the Subscription Agreement

“Placement Price”	the placement price of S\$0.63 or its equivalent in HK\$ or US\$ per Placement Share
“Placement Share(s)”	an aggregate of 350,000,000 new shares in SI Environment to be allotted and issued to TPL, the nominee of the Company, pursuant to the terms of the Subscription Agreement
“PRC”	the People’s Republic of China and for the purpose of this announcement only excludes Hong Kong, the Macau Special Administrative Region of the PRC 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 in SI Environment
“S\$”	Singapore dollars, the lawful currency of Singapore
“SGX-ST”	the Singapore Exchange Securities Trading Limited
“SGX-ST Rules”	the SGX-ST Listing Manual: Rules of Mainboard or any listing manual issued by the SGX-ST as applicable to SI Environment
“SIC”	the Securities Industry Council of Singapore
“SI Environment”	SIIC Environment Holdings Ltd., a non-wholly owned subsidiary of the Company, the shares of which are listed on the Mainboard of the SGX-ST
“Singapore Takeovers Code”	Singapore Code on Take-overs and Mergers
“Subscription Agreement”	the share placement agreement dated 16 January 2017 entered into between the Company and SI Environment, pursuant to which the Company 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
“US\$”	US dollars, the lawful currency of the United States of America

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

Hong Kong, 16 January 2017

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

Executive Directors:

Mr. Wang Wei, Mr. Zhou Jun, Mr. Lu Shen, Mr. Xu Bo and Mr. Xu Zhan

Independent Non-Executive Directors:

Prof. Woo Chia-Wei, Mr. Leung Pak To, Francis, Mr. Cheng Hoi Chuen, Vincent and Mr. Yuen Tin Fan, Francis