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(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)

DISCLOSEABLE TRANSACTION

FURTHER ACQUISITION OF ADDITIONAL INTERESTS IN LONGJIANG ENVIRONMENTAL PROTECTION GROUP CO., LTD.

FAMOUSFAME ACQUISITION

Reference is made to the announcements of the Company dated 18 October 2016 and 24 October 2016 in relation to the Group's acquisitions of approximately 47.8906% (i.e. the First Acquisitions) and 5.0000% (i.e. the Second Acquisition) of shareholding interests in Longjiang Environmental (i.e. collectively referred to as the Previous Acquisitions).

On 28 February 2017, Shun Yuen Investment, a subsidiary of the Company and as purchaser, entered into the Famousfame Share Transfer Agreement with Famousfame as vendor, pursuant to which Shun Yuen Investment has conditionally agreed to acquire the Famousfame Sale Shares and the Sale Loan at a total consideration of RMB96,000,000 subject to the terms and conditions of the Famousfame Share Transfer Agreement.

As at the date of this announcement, the Previous Acquisitions have been completed. The Group held approximately 95.0000% of the shareholding interests in Longjiang Environmental as at the date of this announcement. Upon completion of the Famousfame Acquisition, the Company will be interested in a total of 98.7500% of shareholding interests in Longjiang Environmental and each members of the Target Group will continue to remain as a subsidiary of the Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Famousfame Acquisition is less than 5%, the Famousfame Acquisition, taken individually, does not constitute a notifiable transaction for the Company under the Listing Rules.

As the highest applicable percentage ratio in respect of the Previous Acquisitions and the Famousfame Acquisition, in aggregate, exceeds 5% but is less than 25%, the Previous Acquisitions and the Famousfame Acquisition together constitute discloseable transaction for the Company under the Listing Rules and are only subject to the reporting and announcement requirements, but are exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the announcements of the Company dated 18 October 2016 and 24 October 2016 in relation to the Group's acquisitions of approximately 47.8906% (i.e. the First Acquisitions) and 5.0000% (i.e. the Second Acquisition) of shareholding interests in Longjiang Environmental (i.e. collectively referred to as the Previous Acquisitions).

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Famousfame Share Transfer Agreement

Date

28 February 2017

Parties

- (a) Shun Yuen Investment, as purchaser; and
- (b) Famousfame, as vendor.

To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, Famousfame and its ultimate beneficial owner(s) are third parties independent of the Group and are not connected persons of the Group.

Assets to be acquired

- (a) Famousfame Sale Shares, i.e. 30,006,500 shares in Topper Gain, representing the entire shareholding interests of Topper Gain; and
- (b) the Sale Loan, representing the outstanding loan owing by Topper Gain to Famousfame in the amount of RMB46,424 as at the date of the Famousfame Share Transfer Agreement.

As at the date of this announcement, Topper Gain held 12,000,000 shares in Longjiang Environmental, representing 3.7500% of shareholding interests in Longjiang Environmental and all of Topper Gain's shareholding interests in Longjiang Environmental.

Consideration

The Famousfame Consideration is RMB96,000,000, which shall be settled in cash in accordance with the payment terms set out in the paragraph headed "Famousfame Share Transfer Agreement – Payment Terms" in this announcement.

The Famousfame Consideration was determined after arm's length negotiations between the parties having regard to (i) the net asset value of Longjiang Environmental and its subsidiaries as at 31 May 2016 and the business enterprise value of Longjiang Environmental as at 31 May 2016 in the range of RMB2,542,000,000 to RMB2,810,000,000 as appraised by the Independent Valuer primarily based on market comparable approach, and (ii) 3.7500% of shareholding interests in Longjiang Environmental.

The Famousfame Consideration will be funded by internal resources and bank borrowings of the Group.

Payment Terms

The Famousfame Consideration of RMB96,000,000 shall be paid by Shun Yuen Investment in the following manners:

- (a) a sum of RMB\$30,000,000 shall be paid to Famousfame on the completion date of Famousfame Acquisition (the "**First Payment**");
- (b) a sum of RMB59,300,000, which represents the Famousfame Consideration less the First Payment, the share of estimated Hong Kong stamp duty payable by Famousfame of RMB96,000 and the Retained Payment, shall be paid to Famousfame within 3 Business Days upon the Purchaser having obtained the written confirmation on the Repayment of JW Indebtedness (the "**Second Payment**"); and
- (c) a sum of RMB6,604,000 (the "**Retained Payment**") or a sum representing the balance of RMB6,604,000 less the amount of claims (if any) comprising (i) any taxation claims from the relevant taxation authority received by any of Shun Yuen Investment, Famousfame, Topper Gain and Longjiang Environmental within one year from the Completion Date; (ii) any

liabilities or contingent liabilities incurred by Shun Yuen Investment in connection with Famousfame or Famousfame Acquisition within one year from the Completion Date; and (iii) any losses or potential losses suffered by Shun Yuen Investment as a result of any claims made by third parties within one year from the Completion Date, shall be paid to Famousfame on the first Business Day following the first anniversary of the Completion Date.

As at the date of this announcement, Topper Gain was indebted to Jingmen Wenzhuo in the amount of RMB30,000,000. Pursuant to the Famousfame Share Transfer Agreement, Famousfame agreed to apply the First Payment in full for capital injection into Topper Gain to partly pay up the outstanding capital of Topper Gain of RMB30,006,500 (the “**Topper Gain Capital Injection**”). Following the Topper Gain Capital Injection, Famousfame shall procure Topper Gain to repay the indebtedness owing to Jingmen Wenzhuo (the “**Repayment of JW Indebtedness**”). In the event Famousfame fails to inject the First Payment into Topper Gain as provided under the Famousfame Share Transfer Agreement, Shun Yuen Investment shall have the right to deduct a sum of RMB30,006,500 and a handling fee of 5% of the Second Payment from the Second Payment.

Conditions Precedent

Completion of the Famousfame Acquisition is conditional upon the following conditions being satisfied or waived by Shun Yuen Investment in writing:

- (a) each warranties made by Famousfame remaining true, accurate and complete in all material respects;
- (b) Famousfame having performed and complied with all undertakings and agreements required to be performed and complied with by Famousfame under the Famousfame Share Transfer Agreement including but not limited to the Topper Gain Capital Injection and Repayment of JW Indebtedness;
- (c) Famousfame having obtained all approvals and consents required for its execution, delivery and performance of the Famousfame Share Transfer Agreement and such approvals and consents being in full force and effect, and Famousfame having delivered copies of such approvals and consents to Shun Yuen Investment;
- (d) Topper Gain having executed and issued new share certificate(s) in respect of the Famousfame Sale Shares;
- (e) there being no material adverse effect on either Topper Gain or the Target Group;
- (f) there being no applicable law or judgement, decision, injunction or order issued by any administrative authority(ies) restricting, prohibiting or terminating the Famousfame Acquisition and there being no pending or reasonably foreseeable litigation, arbitration, judgement, decision, injunction or order that has or will have an adverse effect on the Famousfame Acquisition; and

- (g) Shun Yuen Investment having obtained all approvals and consents required for its execution, delivery and performance of Famousfame Share Transfer Agreement (including approval by the Board and the competent PRC state-owned asset authority or its investment enterprise of Shun Yuen Investment in respect of the Famousfame Acquisition and the valuation of Famousfame Sale Shares not lower than the Famousfame Consideration) and such approvals and consents being in full force and effect.

Completion

Completion of the Famousfame Acquisition shall take place within five Business Days upon satisfaction or waiver of all the conditions set out in the paragraph headed “Famousfame Share Transfer Agreement – Conditions Precedent” above or such other date as Famousfame and Shun Yuen Investment may agree in writing.

INFORMATION ON THE GROUP, THE VENDOR AND THE TARGET GROUP

The Group is principally engaged in the business of infrastructure facilities, real estate and consumer products.

Famousfame and Topper Gain are principally engaged in the business of investment holding.

Longjiang Environmental is a joint stock company established in the PRC with limited liability and with a registered and paid-up capital of RMB320,000,000 with a total of 320,000,000 shares of RMB1 each. Longjiang Environmental and its subsidiaries are principally engaged in the business of development and operation of environmental protection related projects and construction and operation of water supply network. Longjiang Environmental directly or indirectly controls 21 subsidiaries and is interested in 4 associates, holding 41 projects relating to its business and wastewater projects.

Longjiang Environmental and its subsidiaries have a total water treatment and supply planned capacity of approximately 3.55 million tons/day and sludge handling design capacity of 1,330 tons/day.

As at the date of this announcement, the Group held approximately 95.0000% of the shareholding interests in Longjiang Environmental. Upon completion of the Famousfame Acquisition, the Company will be interested in a total of 98.7500% of shareholding interests in Longjiang Environmental and each members of the Target Group will continue to remain as a subsidiary of the Company. The remaining 1.2500% of the shareholding interests of Longjiang Environmental are held by a third party independent of the Group and its connected persons.

The audited net loss (both before and after taxation) of Topper Gain for the two years ended 31 December 2015 and 2016 prepared in accordance with the Hong Kong Financial Reporting Standards are HK\$10,192 and HK\$25,964, respectively.

The audited net asset value of Topper Gain as at 31 December 2016 prepared in accordance with the Hong Kong Financial Reporting Standards was approximately HK\$29,960,104.

The audited financial information of the Target Group for the two years ended 31 December 2014 and 2015 is set out the announcement of the Company dated 24 October 2016.

REASONS FOR AND BENEFITS OF THE FAMOUSFAME ACQUISITION

As mentioned in the announcement of the Company dated 18 October 2016 and 24 October 2016 in relation to the Previous Acquisitions, the Company may further increase its shareholding percentage in Longjiang Environmental, subject to negotiation with other remaining shareholder of Longjiang Environmental. The Famousfame Acquisition can further increase the Group's controlling interests in Longjiang Environmental and enable the Group to further benefit from the positive earnings contribution brought by the Target Group. These transactions are in line with the Group's development strategy for investing its water services business in the northeastern region of the PRC, especially in Heilongjiang Province.

In view of the above, the Directors consider that the Famousfame Acquisition is fair and reasonable and on normal commercial terms and that the Famousfame Acquisition is in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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As the highest applicable percentage ratio in respect of the Previous Acquisitions and the Famousfame Acquisition, in aggregate, exceeds 5% but is less than 25%, the Previous Acquisitions and the Famousfame Acquisition together constitute discloseable transaction for the Company under the Listing Rules and are only subject to the reporting and announcement requirements, but are exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

“Board”	the board of Directors
“Business Day(s)”	a day on which banks are open in Hong Kong and the PRC, other than Saturday, Sunday or public holiday in Hong Kong or the PRC
“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

“Completion Date”	the date on which Famousfame Acquisition take place in accordance with the terms and conditions of the Famousfame Share Transfer Agreement
“Director(s)”	the director(s) of the Company
“Famousfame”	Famousfame Investments Limited (揚名投資有限公司), a company incorporated in British Virgin Islands with limited liability
“Famousfame Sale Shares”	30,006,500 shares in Topper Gain, representing the entire shareholding interests of Topper Gain
“Famousfame Acquisition”	the proposed acquisition of the Famousfame Sale Shares and the Sale Loan by Shun Yuen Investment from Famousfame pursuant to the Famousfame Share Transfer Agreement
“Famousfame Consideration”	the consideration payable for the transfer of the Famousfame Sale Shares and the assignment of the Sale Loan
“Famousfame Share Transfer Agreement”	the conditional Share Transfer agreement dated 28 February 2017 entered into between Shun Yuen Investment and Famousfame in relation to the Famousfame Acquisition
“First Acquisitions”	the Group’s acquisitions of approximately 47.8906% of shareholding interests in Longjiang Environmental, details of which are set out in the announcement of the Company dated 18 October 2016
“First Payment”	has the meaning ascribed to it under the paragraph headed “Famousfame Share Transfer Agreement – Payment Terms” in this announcement
“Independent Valuer”	the independent valuer commissioned by the Company
“Jingmen Wenzhuo”	Jingmen Wenzhuo Investment Co., Ltd.* (江門市穩卓投資有限公司), a company established in the PRC with limited liability, and a third party independent of the Group and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longjiang Environmental”	Longjiang Environmental Protection Group Co., Ltd.* (龍江環保集團股份有限公司), a joint stock company established in the PRC with limited liability

“PRC”	the People’s Republic of China (for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Previous Acquisitions”	collectively, the First Acquisitions and the Second Acquisition
“Repayment of JW Indebtedness”	has the meaning ascribed to it under the paragraph headed “Famousfame Share Transfer Agreement – Payment terms” in this announcement
“Retained Payment”	has the meaning ascribed to it under the paragraph headed “Famousfame Share Transfer Agreement – Payment terms” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Loan”	the outstanding loan owing by Topper Gain to Famousfame in the amount of RMB46,424 as at the date of the Famousfame Share Transfer Agreement
“Second Acquisition”	the Group’s acquisition of 5.0000% of shareholding interests in Longjiang Environmental, details of which are set out in the announcement of the Company dated 24 October 2016
“Second Payment”	has the meaning ascribed to it under the paragraph headed “Famousfame Share Transfer Agreement – Payment terms” in this announcement
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shun Yuen Investment”	Hong Kong Shun Yuen Investment (Holdings) Limited (香港信遠投資(集團)有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	Longjiang Environmental and its subsidiaries
“Topper Gain”	Topper Gain Group Limited (宏盈集團有限公司), a company incorporated in Hong Kong with limited liability

“Topper Gain Capital Injection” has the meaning ascribed to it under the paragraph headed “Famousfame Share Transfer Agreement – Payment terms” in this announcement

“%” per cent.

In this announcement, the terms “connected person(s)”, “percentage ratio(s)” and “subsidiary(ies)” have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

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

Hong Kong, 28 February 2017

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

Executive Directors:

Mr. Wang Wei, Mr. Zhou Jun, 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

**The English name is an informal English translation of its official Chinese name.*