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FIRST SHANGHAI INVESTMENTS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 227)

DISCLOSEABLE TRANSACTION

On 13th March 2006, the Company through its wholly owned subsidiary as vendor, entered into the Property Agreement with Superb Union Investments Limited as purchaser for the disposal of the Property at an aggregate consideration of RMB175,095,000.

The Property Agreement constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules.

A circular containing details of the Property Agreement will be sent to the shareholders of the Company in accordance with the Listing Rules.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 14th March, 2006 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 15th March, 2006.

(A) PROPERTY AGREEMENT

The Property Agreement includes a standard agreement (“the Main Agreement”) as supplemented by a supplemental agreement (“the Supplementary Agreement”) both dated 13th March 2006.

Parties:

Vendor: Fuhai Digital Technology (Shanghai) Company Limited (“Fuhai” or “the Vendor”), a wholly owned subsidiary of First Shanghai Investments Limited (“the Company”);

Purchaser: Superb Union Investments Limited (“SUI” or “the Purchaser”).

(B) ASSETS TO BE DISPOSED OF:

The Property is held by the Vendor and is situated at Lane 299, Bisheng Road, Zhangjiang Hi-Tech Park, Shanghai. The construction of the Buildings is nearly finished and the rental income contributed from the Property is nil. The net book value of the Property which is now classified as work-in-progress in the accounts as at 31st December 2005 was approximately HK\$68.5 million representing about 3.6% of the Group’s unaudited total asset value as at 31st December 2005.

(C) CONSIDERATION:

The aggregate value of consideration for the sale of the Property is RMB175,095,000 (“the Purchase Price”).

The Purchase Price was determined and arrived at after arm’s length negotiations between the Company and SUI and with reference to the recent market price of office buildings situated in Shanghai of PRC.

(D) PAYMENT TERMS:

The Purchase Price shall be payable in cash as follows:–

- (a) 10% of the Purchase Price, RMB17,509,500 (“First Instalment”) will be paid on Pre-closing;
- (b) 90% of the Purchase Price, RMB157,585,500 minus warranty and retention amounts of in aggregate not more than RMB3.85 million (“the Second Instalment”) will be paid within 5 Business Days after closing of the Property Agreement subject to any adjustment and deduction.

(E) TERMINATION OF THE AGREEMENT:

The Purchaser has the right to terminate the Property Agreement, among other things:–

- (a) An application for the transfer of title to the Property from the Vendor to the Purchaser has not been filed by the Vendor with the Registration Authority prior to or on the Long Stop Date; or
- (b) If the information contained in the initial ownership certificate of the Property is inconsistent in any material aspect, except in cases where there is a discrepancy in the gross floor area of the Property that can be remedied; or
- (c) If the Purchaser has failed to enter into finance arrangement with a bank due to reasons attributable to the legal title of the Property; or
- (d) in the event of Force Majeure; or
- (e) if the Pre-Closing has not yet occurred by the Long Stop Date; or
- (f) the Closing has not occurred within thirty (30) Business Days of the Pre-Closing.

(F) CLOSING DATE:

Closing is expected to take place within 30 Business Days of the Pre-closing which is on or before the Long Stop Date.

(G) REASONS FOR ENTERING INTO AND BENEFITS OF THE TRANSACTION:

The Directors of the Company consider that the disposal of the Property will provide a satisfactory return to the Company. Upon the completion of the Transaction, the Company is expected to record a gain on disposal of approximately HK\$71.5 million (after deducting the development cost, the business tax, the land appreciation tax and the selling expenses of approximately HK\$96.9 million for the Transaction) from the gross sale proceeds of approximately HK\$168.4 million (at the exchange rate of RMB1.04 = HK\$1.00).

The net proceeds of HK\$158 million will be used for general working capital of the Company. The directors of the Company consider that the terms of the Property Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

(H) GENERAL INFORMATION

1. Background of the Vendor:–

As at the date hereof, Fuhai is a wholly-owned subsidiary of the Company. Fuhai is engaged in the business of property holding and investment.

2. The Company and its subsidiaries are principally engaged in investment holding, securities dealing, logistics and property holding and management.

3. Background of the Purchaser:–

SUI is wholly-owned by Globe Fortune Group Limited (a BVI Co.) which is wholly-owned by LaSalle Asia Opportunity II S.A.R.L. The principal business of SUI is investment holding.

4. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, SUI and its ultimate beneficial owners are third parties independent to the Company and the Connected Persons of the Company and are not Connected Persons of the Company.

5. The Directors of the Company (including the independent non-executive directors) consider that the terms of the Property Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

(I) IMPLICATIONS UNDER THE LISTING RULES:

The Transaction constitutes a discloseable transaction of the Company under the Listing Rules.

A circular containing details of the Property Agreement will be despatched to shareholders of the Company in accordance with the Listing Rules.

(J) DEFINITIONS

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

“%”	per cent;
“Associates”	the meaning ascribed thereto in the Listing Rules;
“Board”	the board of directors of the Company;
“Business Day”	any weekday from Monday to Friday on which licensed banks in Hong Kong and Peoples’ Republic of China are open for business;
“Company”	First Shanghai Investments Limited (Stock Code: 227), a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange;
“Connected Person(s)”	the meaning as defined in the Listing Rules;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Land”	the parcel of land of an area of 15,000 square meters known as Lot 106 situated at Bei Cai County of Pudong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	1st July 2006 or such later date agreed in writing between the Vendor and Purchaser;
“Pre-Closing”	The date on which the parties will proceed to, among other things, handover of the Property;
“Property”	the Land and Buildings situated at Lane 299, Bisheng Road, Zhangjiang Hi-Tech Park, Shanghai;
“Property Agreement”	the Main Agreement together with the Supplementary Agreement;
“Registration Authority”	the Shanghai Housing and Land Resources Administration Bureau or its competent delegate;
“RMB”	the lawful currency of Peoples’ Republic of China (“PRC”);

“Stock Exchange” The Stock Exchange of Hong Kong Limited; and

“Transaction” Transactions contemplated under the Property Agreement.

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As at date of this announcement, the Company has four executive Directors, being Messrs. Lao Yuan Yi, Xin Shulin, Steve, Yeung Wai Kin and Hu Yi Ming, one non-executive director being Mr Kwok Lam Kwong, Larry, and three independent non-executive Directors, being Prof. Woo Chia Wei, Mr. Yu Qi Hao and Mr. Liu Ji.

By Order of the Board
First Shanghai Investments Limited
Lao Yuan Yi
Chairman

Hong Kong, 14th March 2006

Please also refer to the published version of this announcement in The Standard.