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FIRST SHANGHAI INVESTMENTS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 227)

Directors:

Mr. Lao Yuan-Yi (*Chairman*)
Mr. Xin Shulin
Mr. Yeung Wai Kin
Mr. Kwok Lam Kwong, Larry, J.P.*
Prof. Woo Chia-Wei**
Mr. Liu Ji**
Mr. Yu Qi-Hao**
Mr. Zhou Xiaohe**

Registered office:

1903, Wing On House
71 Des Voeux Road Central
Hong Kong

* *Non-executive directors*

** *Independent non-executive directors*

29th April, 2008

To the shareholders

Dear Sir or Madam,

**PROPOSALS RELATING TO
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES
AND AMENDMENT OF ARTICLES OF ASSOCIATION
NOTICE OF ANNUAL GENERAL MEETING AND RE-ELECTION OF DIRECTORS**

INTRODUCTION

At the annual general meeting of First Shanghai Investments Limited (the “Company”) for the year ended 31st December, 2007, resolutions will be proposed to grant to the directors of the Company general mandates to issue and repurchase shares of the Company and to amend the Articles of Association of the Company.

The purpose of this circular is to give you further details of the abovementioned proposals and notice of the annual general meeting of the Company for the year ended 31st December, 2007 (the “AGM”). In compliance with the Listing Rules of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), this circular also contains the explanatory statement and gives all the information reasonably necessary to enable shareholders to make an informed decision on whether to vote for or against the resolution to approve the purchase by the Company of its own shares, together with particulars of the directors proposed to be re-elected at the AGM.

GENERAL MANDATE TO ISSUE SHARES

At the AGM an ordinary resolution will be proposed to grant a general mandate to the directors of the Company to allot, issue and dispose of shares of the Company not exceeding 20 per cent. of the issued share capital of the Company to provide flexibility to the Company to raise fund by issue of shares efficiently. On 22nd April, 2008 (the “Latest Practicable Date”), being the latest practicable date prior to printing of this circular, there were in issue an aggregate of 1,395,013,012 shares of HK\$0.20 each in the Company (“Shares”). On 22nd March 2008, the Company adopted the share option scheme under which the Company may grant options to subscribe for up to 122,595,064 shares. At the Latest Practicable Date, there were outstanding options under the share option scheme entitle the holders to subscribe for a total of 59,118,000 shares. On the assumption that no Share will be issued prior to the AGM, exercise in full of the mandate could result in up to 279,002,602 Shares being issued by the Company.

GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, an ordinary resolution will be proposed that the directors be given a general mandate to exercise all powers of the Company to repurchase issued and fully paid shares of the Company. Under such mandate, the number of shares that the Company may repurchase shall not exceed 10 per cent. of the share capital of the Company in issue on the date of the resolution. The Company’s authority is restricted to purchases made on the Stock Exchange in accordance with the Listing Rules of the Stock Exchange. Based on 1,395,013,012 Shares in issue as at the Latest Practicable Date and on the assumption that no Share will be issued prior to the AGM, exercise in full of the mandate could result in up to 139,501,301 Shares being repurchased by the Company. The mandate allows the Company to make or agree to make purchases only during the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required to be held by law or the date upon which such authority is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company.

The directors have no present intention to repurchase any Shares but consider that the mandate will provide the Company the flexibility to make such repurchase when appropriate and beneficial to the Company. Such repurchases may enhance the net value of the Company and/or earnings per Share. As compared with the financial position of the Company as at 31st December, 2007 (being the date of its latest audited accounts), the directors consider that there would not be a material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed purchases were to be carried out in full during the proposed purchase period. No purchase would be made in circumstances that would have a material adverse impact on the working capital or gearing ratio of the Company.

The Company is empowered by its Memorandum and Articles of Association to purchase its shares. Hong Kong law provides that payment in connection with a share repurchase may only be paid out of distributable profits or the proceeds of a fresh issue of shares. Under Hong Kong law, the shares so repurchased will be treated as cancelled.

The directors intend to apply the profits of the Company that would otherwise be available for distribution by way of dividend for any purchase of its shares.

Directors, their associates and connected persons

None of the directors nor, to the best of the knowledge and belief of the directors having made all reasonable enquiries, any of the associates of any of the directors has any present intention, in the event that the proposal is approved by shareholders, to sell Shares to the Company.

No connected person of the Company (as defined in the Listing Rules of the Stock Exchange) has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of the Shares held by him/her to the Company in the event that the Company is authorised to make purchases of Shares.

Undertaking of the directors

The directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the proposed resolution in accordance with the Listing Rules of the Stock Exchange and all applicable laws of Hong Kong, and in accordance with the regulations set out in the Memorandum and Articles of Association of the Company.

Effect of Takeovers Code

A repurchase of Shares by the Company may result in an increase in the proportionate interests of a substantial shareholder of the Company in the voting rights of the Company, which could give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Hong Kong Code on Takeovers and Mergers (the “Code”).

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, China Assets (Holdings) Limited (“China Assets”) and Mr. Lao Yuan-Yi (“Mr. Lao”) (the Chairman and an executive director of China Assets), who held approximately 17.75 per cent. and 12.73 per cent. of the issued share capital of the Company respectively, were the only substantial shareholders holding more than 10 per cent. of the issued share capital of the Company. In the event that the directors should exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the resolution, the shareholding of China Assets and Mr. Lao in the Company would be increased to approximately 19.73 per cent. and 14.13 per cent. of the issued share capital of the Company respectively and such increase may give rise to an obligation to make a mandatory offer under Rule 26 of the Code, if the Securities and Futures Commission rules that they are parties acting in concert under the Code.

Stock Exchange Rules for repurchases of shares

The Listing Rules of the Stock Exchange permit companies whose primary listings are on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(a) *Shareholders' approval*

The Listing Rules provide that all shares repurchases on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, which may be by way of general mandate, or by special resolution in relation to specific transactions.

(b) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose.

General

During each of the six months preceding the date of this circular, no Share had been repurchased by the Company.

During each of the previous 12 months, the highest and lowest traded prices for Shares on the Stock Exchange were as follows:

Month	Per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
<i>2007</i>		
April	1.12	0.90
May	3.02	1.02
June	2.94	1.99
July	2.75	2.35
August	3.76	1.50
September	4.18	3.11
October	4.10	2.80
November	3.53	2.02
December	2.67	2.00
<i>2008</i>		
January	2.62	1.70
February	2.13	1.76
March	2.12	1.15

AMENDMENT OF ARTICLES OF ASSOCIATION

It is proposed to amend the Company's Articles of Association in order to comply with the requirements of paragraph A.4.2 of the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules to the effect that all directors of the Company shall be subject to retirement by rotation at least once every three years.

ANNUAL GENERAL MEETING

You will find on pages 8 to 11 of this circular a notice of the AGM to be held at 3:00 p.m. on 23rd May, 2008 at 19th Floor, Wing On House, 71 Des Voeux Road Central, Hong Kong.

Resolution no. 5A will be proposed as an ordinary resolution to give a general mandate to the directors to allot, issue and deal with shares of the Company with an aggregate nominal value not exceeding 20 per cent. of the share capital of the Company in issue as at the date of the resolution.

Resolution no. 5B will be proposed as an ordinary resolution to give a general mandate to the directors to make on-market purchases of shares of the Company of up to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of the resolution.

Resolution no. 5C will be proposed as an ordinary resolution to extend resolution no. 5A to include the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors pursuant to resolution no. 5B.

Resolution no. 5D will be proposed as a special resolution to approve the proposed amendment of the Articles of Association of the Company.

There is enclosed a form of proxy for use at the AGM. You are requested to complete the form of proxy and return it to the registered office of the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the meeting, whether or not you intend to be present at the meeting. The completion and return of the form of proxy will not prevent you from attending and voting in person should you so wish.

According to the Articles of Association of the Company, before or upon the declaration of the result of voting on a show of hands on a resolution at the AGM, a poll may be demanded by:

- (a) by or on behalf of at least two members; or
- (b) by or on behalf of any member entitled to vote at the meeting and holding in the aggregate not less than 10 per cent. of the paid up share capital of the Company, carrying the right to vote at the meeting; or
- (c) by or on behalf of any member representing not less than one tenth of the total voting rights of all the members having a right to vote at the meeting.

RE-ELECTION OF DIRECTORS

Resolutions will be proposed at the AGM for re-election of Messrs. Yeung Wai Kin, Yu Qi Hao and Zhou Xiao He as directors according to the Company's Articles of Association. Their particulars are as follows:

(i) Mr. Yeung Wai Kin (“Mr. Yeung”)

Mr. Yeung Wai-Kin (46). Appointed as Director of the Company in 1998. He is also Chief Financial Officer and Company Secretary of the Company. Mr. Yeung joined the Company in 1993 and has over 20 years experience in auditing, finance and management positions. He is also director of China Assets (Holdings) Limited. Mr. Yeung possesses professional membership of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong. He has a bachelor's degree in law from Peking University.

Mr. Yeung does not have any relationship with other directors, senior management, substantial shareholder or controlling shareholder of the Company except that he is also a director of China Assets, a substantial shareholder of the Company. Mr. Yeung has a service contract with the Company which do not have any specific length of service in respect of his appointment. He is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Company. Mr. Yeung is entitled to a fixed monthly salary of HK\$161,700 which was determined with reference to his professional qualification, experience and responsibilities and a discretionary bonus to be decided by the Board with reference to the operating results of the group and the performance of Mr. Yeung in the relevant financial year. The total amount of emoluments for the year ended 31st December, 2007 received by Mr. Yueng is set out in note 14 to the financial statements on page 56 of the Company's annual report 2007. As at the Latest Practicable Date, Mr. Yeung is interested in 21,824,304 underlying shares of the Company and 1,350,000 underlying shares of China Assets within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”).

Save as mentioned above, Mr. Yeung does not have any other matters that need to be brought to the attention of the shareholders of the Company or any other information required to be disclosed pursuant to any of the requirements under Rule 13.51(2) of the Listing Rules.

(ii) Mr. Yu Qi-Hao (“Mr. Yu”)

Mr. Yu Qi-Hao (61). Appointed as Independent Non-Executive Director in 2005. Mr Yu is a certified public accountant, PRC. He graduated from Shanghai University of Finance and Economics. From 1981 to 1991, Mr Yu worked as a certified public accountant in an accounting firm in Shanghai. From 1992 to 1998, he acted as the assistant president of Shanghai Industrial Investment (Holdings) Company Limited. Mr Yu also worked as an executive director of Shenyin Wanguo (H.K.) Limited from 1995 to 1997 and a non-executive director from 1997 to 1998. And during the period from 2001 to 2006, Mr Yu was an advisor of Deloitte Touche Tohmatsu CPA Ltd in Shanghai.

Mr. Yu does not hold any positions with the Company or any member of the Company's group of companies other than acting as Independent Non-executive Director of the Company. Mr. Yu does not have any relationship with any other directors, senior management, substantial shareholder or controlling shareholder of the Company. Mr. Yu executed a service contract with the Company for a period of two years from 17th March, 2007. He is entitled to a director's fee of HK\$240,000 per annum and a further fee of HK\$30,000 per annum for being a member of the Audit Committee of the Company, which are determined by reference to the market range for the position and is subject to review by the Board from time to time pursuant to the power given to it under the Articles of Association of the Company. As at the Latest Practicable Date, Mr. Yu is interested in 1,000,000 underlying shares of the Company within the meaning of Part XV of the SFO.

Save as mentioned above, Mr. Yu does not have any other matters that need to be brought to the attention of the shareholders of the Company or any other information required to be disclosed pursuant to any of the requirements under Rule 13.51(2) of the Listing Rules.

(iii) Mr. Zhou Xiaohe (“Mr. Zhou”)

Mr. Zhou Xiaohe (55). Appointed as Independent Non-executive Director on 7th October 2007. Mr Zhou has extensive experience in investment and financing industries. He was educated in China and graduated from the Beijing Industrial University with a Bachelor's Degree in Computer Automation. Mr Zhou was a non-executive director of the Company from 18th May 1995 to 16th June 1998 and of China Assets (Holdings) Limited from 27th March 1995 to 28th November 1997.

Mr. Zhou does not hold any positions with the Company or any member of the Company's group of companies other than acting as Independent Non-Executive director of the Company. Mr. Zhou does not have any relationship with any other directors, senior management, substantial shareholder or controlling shareholder of the Company. Mr. Zhou executed a service contract with the Company for a period of two years from 7th October, 2007. He is entitled to a director's fee of HK\$240,000 per annum and a further fee of HK\$30,000 per annum for being a member of the Audit Committee of the Company, which are determined by reference to the market range for the position and is subject to review by the Board from time to time pursuant to the power given to it under the Articles of Association of the Company. As at the Latest Practicable Date, Mr. Zhou does not have interest in underlying shares of the Company within the meaning of Part XV of the SFO.

Save as mentioned above, Mr. Zhou does not have any other matters that need to be brought to the attention of the shareholders of the Company or any other information required to be disclosed pursuant to any of the requirements under Rule 13.51(2) of the Listing Rules.

RECOMMENDATION

The directors consider that the proposed granting of the mandates to issue and repurchase shares of the Company and amendment of the Articles of Association are in the interest of the Company and so recommend you to vote in favour of the relevant resolutions at the AGM. The directors will vote all their shareholdings in favour of such resolutions.

Yours faithfully,
By order of the Board
Lao Yuan-Yi
Chairman

NOTICE OF ANNUAL GENERAL MEETING



FIRST SHANGHAI INVESTMENTS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 227)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the abovenamed company (the “Company”) will be held at 19th Floor, Wing On House, 71 Des Voeux Road Central, Hong Kong on Friday, 23rd May, 2008 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31st December, 2007.
2. To declare a final dividend of 1.0 Hong Kong cents per share for the year ended 31st December, 2007.
3. To elect directors and to authorise the board of directors to fix their remuneration.
4. To appoint auditors and to authorise the board of directors to fix their remuneration.
5. As special business, to consider and, if thought fit, pass the following resolutions, of which resolution nos. 5A, 5B and 5C will be proposed as ordinary resolutions and resolution no. 5D will be proposed as a special resolution:

ORDINARY RESOLUTIONS

A. “**THAT:**

- (a) subject to paragraph (c), the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a),

NOTICE OF ANNUAL GENERAL MEETING

otherwise than pursuant to a Rights Issue or scrip dividend scheme or similar arrangement of the Company or the exercise of the subscription rights under the share option scheme of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and

- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

B. “THAT:

- (a) the exercise by the directors of the Company during the Relevant Period of all powers of the Company to purchase its own shares, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

C. “**THAT** conditional upon resolution no. 5B above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors as mentioned in resolution no. 5B above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to resolution no. 5A above.”

SPECIAL RESOLUTION

D. “**THAT** the first sentence of the existing Article 99 of the Articles of Association of the Company be and is hereby deleted and replaced by the following:

“At each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to one-third) shall retire from office by rotation provided that each Director shall be subject to retirement at least once every three years.””

By Order of the Board
Yeung Wai Kin
Company Secretary

Hong Kong, 29th April, 2008

Registered Office:
1903, Wing On House
71 Des Voeux Road Central
Hong Kong

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (1) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint proxies to attend and, in the event of a poll, vote in his stead. A proxy need not be a member of the Company. In order to be valid, the form of proxy must be deposited at the Company's registered office together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.
- (2) The register of members of the Company will be closed from Monday, 19th May, 2008 to Friday, 23rd May, 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend to be approved at the annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Friday, 16th May, 2008.

For notice on website –

As at the date of this notice, the executive directors of the Company are Mr. Lao Yuan-Yi, Mr. Xin Shulin and Mr. Yeung Wai Kin, the non-executive director is Mr. Kwok Lam Kwong Larry JP and the independent non-executive directors are Prof. Woo Chia-Wei, Mr. Liu Ji, Mr. Yu Qi-Hao and Mr. Zhou Xiaohe.