
IMPORTANT
THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

If you are in doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in First Shanghai Investments Limited you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.



FIRST SHANGHAI INVESTMENTS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 227)

Directors:

Mr. Lo Yuen Yat (*Chairman*)
Mr. Xin Shulin
Mr. Yeung Wai Kin
Mr. Kwok Lam Kwong, Larry, *B.B.S., J.P.**
Prof. Woo Chia-Wei**
Mr. Liu Ji**
Mr. Yu Qihao**
Mr. Zhou Xiaohe**

Registered office:

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

* *Non-executive Director*

** *Independent non-executive Directors*

17th April, 2014

To the shareholders

Dear Sir or Madam,

PROPOSALS RELATING TO
ADOPTION OF NEW SHARE OPTION SCHEME
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, 2013, resolutions will be proposed to adopt a new share option scheme (the “New Share Option Scheme”), to grant to the directors of the Company (the “Directors”) general mandates to issue and repurchase shares of the Company and to amend the Articles of Association of the Company (the “Articles”).

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, 2013 (the “AGM”). In compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), 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.

PREVIOUS SHARE OPTION SCHEME

Under the previous share option scheme relating to grant of options to Directors and employees of the Company and its subsidiaries (the “Group”) to subscribe for shares of the Company (“Shares”) adopted on 24th May, 2002 and expired on 23rd May, 2012, as at 11th April, 2014 (the “Latest Practicable Date”), being the latest practicable date prior to the printing of this circular:

- (a) options to subscribe for a total of 122,595,064 Shares were granted;
- (b) no Shares were issued pursuant to the exercise of options; and
- (c) options to subscribe for 122,595,064 Shares were outstanding.

NEW SHARE OPTION SCHEME

Principal terms of the New Share Option Scheme

A summary of the rules of the New Share Option Scheme is set out in the appendix to this circular.

Reasons for the New Share Option Scheme

Under the New Share Option Scheme, the Directors may grant options without any initial payment to (i) any director, employee or consultant of the Group or a company in which the Group holds an equity interest or a subsidiary of such company (“Affiliate”); or (ii) any discretionary trust whose discretionary objects include any director, employee or consultant of the Group or an Affiliate (each of such director, employee and consultant a “Relevant Person”); or (iii) a company beneficially owned by any Relevant Person. The New Share Option Scheme will enable the Group to offer valuable incentive to attract and retain quality personnel and other persons (i.e. director, employee or consultant of the Group or an Affiliate) to contribute to the business and operation of the Group. To this

end, the Directors may specify the minimum period, if any, for which an option must be held or the performance targets, if any, that must be achieved before the option can be exercised.

Conditions of the New Share Option Scheme

The New Share Option Scheme is conditional on:

- (a) the approval of the shareholders of the Company at a general meeting to be held; and
- (b) the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting listing of and permission to deal in the new shares of the Company which may be issued and allotted pursuant to the exercise of options granted under the New Share Option Scheme up to 10% of the issued share capital of the Company on the date of shareholders’ approval of the New Share Option Scheme.

Value of the options

The Directors consider it inappropriate to value all the options that can be granted under the New Share Option Scheme on the assumption that they were granted on the Latest Practicable Date as a number of factors crucial for the valuation cannot be determined. Such factors include the exercise period and the conditions, such as performance targets, if any, that an option is subject to. Accordingly any valuation of the options based on a large number of speculative assumptions would not be meaningful but would be misleading to the shareholders.

Listing and dealings

Application has been made to the Listing Committee of the Stock Exchange for the granting of listing of and permission to deal in the new shares of the Company which may be issued and allotted pursuant to the New Share Option Scheme.

The shares of the Company are only listed on the Stock Exchange and not on any other stock exchange.

GENERAL MANDATE TO ISSUE SHARES

At the AGM, an ordinary resolution will be proposed to grant a general mandate to the Directors to allot, issue and dispose of shares of the Company not exceeding 20 per cent. of the total number of issued shares of the Company on the date of the resolution to provide flexibility to the Company to raise fund by issue of shares efficiently. On the Latest Practicable Date, there were in issue an aggregate of 1,398,913,012 Shares. On the assumption that no Share will be issued or repurchased prior to the AGM, exercise in full of the mandate could result in up to 279,782,602 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 total number of Shares 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. Based on 1,398,913,012 Shares in issue as at the Latest Practicable Date and on the assumption that no Share will be issued or repurchased prior to the AGM, exercise in full of the mandate could result in up to 139,891,301 Shares being repurchased by the Company. The mandate allows the Company to make or agree to make purchases only up to 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, 2013 (being the date of its latest audited accounts), the Directors consider that there would 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 the Articles to purchase its Shares after the amendment mentioned below. Hong Kong law provides that payment in connection with a share repurchase may only be paid out of the distributable profits of the Company or out of a fresh issue of Shares made for the purpose of the repurchase. Under Hong Kong law, the repurchased Shares will be regarded as cancelled.

The Directors intend to apply the profits that would otherwise be available for distribution by way of dividend for any purchase of 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) 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 and all applicable laws of Hong Kong, and in accordance with the regulations set out in the Articles.

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, Ms. Chan Chiu Joy, Mr. Yin Jian Alexander and Mr. Lo Yuen Yat, who held approximately 17.7 per cent., 14.41 per cent., 14.41 per cent. and 12.11 per cent. of the issued Shares respectively, were the only substantial shareholders holding more than 10 per cent. of the issued Shares. 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, their shareholdings in the Company would be increased to approximately 19.67 per cent., 16.02 per cent., 16.02 per cent. and 14.40 per cent. of the issued Shares respectively and such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Code.

Stock Exchange Rules for repurchases of shares

The Listing Rules 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>
2013		
April	0.77	0.57
May	0.82	0.72
June	0.75	0.57
July	0.69	0.61
August	0.72	0.62
September	0.72	0.64
October	0.73	0.65
November	0.76	0.65
December	0.78	0.66
2014		
January	0.69	0.62
February	0.66	0.60
March	0.64	0.57
April (up to the Latest Practicable Date)	1.11	0.58

AMENDMENT OF ARTICLES

It is proposed to amend the Articles (which contains the previous Memorandum of Association of the Company (the “Memorandum”) pursuant to the new Companies Ordinance, Chapter 622 of the Laws of Hong Kong (the “New Companies Ordinance”) on its coming into effect on 3rd March, 2014) following implementation of the New Companies Ordinance and to tidy up certain provisions of the Articles as follows:

1. the words “MEMORANDUM AND NEW” on the cover of the Articles be deleted;
2. the words “(Chapter 32)” at the top of the heading of the Memorandum and the Third and Fifth Clauses of the Memorandum be deleted;
3. the numbering of “First:-”, “Second:-” and “Fourth:-” of Clauses of the Memorandum be deleted and be replaced by “1A.”, “1B.” and “1C.”. respectively;
4. the words “Memorandum of Association” be changed to “Articles of Association” throughout the Articles;

5. the following words above the heading “Table “A” Excluded” of the Articles be deleted:

“THE COMPANIES ORDINANCE (Chapter 32)

Company Limited by Shares

NEW ARTICLES OF ASSOCIATION
OF
FIRST SHANGHAI INVESTMENTS LIMITED
(第一上海投資有限公司)

_____”;

6. the heading “Table “A” Excluded” and the existing provisions of Article 1 of the Articles be deleted and be replaced by the following:

“Model Articles

1. The regulations contained in the model articles mentioned in the Companies Ordinance shall not apply to the Company.”;
7. the words “Cap. 32” in the interpretation of “Ordinance” in Article 2 of the Articles be deleted and be replaced by “Chapter 622”;
8. the words “and specified in the list of newspapers issued and published in the Gazette for the purposes of section 71A of the Companies Ordinance by the Chief Secretary of Hong Kong and “publish in the newspaper” shall be construed accordingly” in the interpretation of “published in the newspaper” in Article 2 of the Articles be deleted;
9. the interpretation of “seal” in Article 2 of the Articles be deleted;
10. the words “and includes stock except where a distinction between stock and shares is expressed or implied” in the interpretation of “share” in Article 2 of the Articles be deleted;
11. the existing provisions of Article 3 of the Articles be deleted and be replaced by the following:

“3. The share capital of the Company on its incorporation shall consist of two shares subscribed by the two founder Members at 100 dollars each, totalling 200 dollars, fully paid.”;
12. the existing provisions of Article 9B of the Articles be deleted and be replaced by the following:

“9B. Every share certificate issued shall specify the number and class of shares in respect of which it is issued, and may otherwise be in such form as the Directors may from time to time prescribe.”;

13. the words “exceed one-half of the nominal value of the share or” in Article 16 of the Articles be deleted;
14. the phrase “, whether on account of the amount of the share or by way of premium,” in Article 20 of the Articles be deleted;
15. the words “under the Seal” in Article 40 of the Articles be deleted and be replaced by “signed by a Director”;
16. Articles 43A and 43B of the Articles be deleted;
17. the following be added as Article 43 of the Articles after the heading “Alternations of Capital” in the Articles:
 - “43. (a) The Company may by ordinary resolution alter its share capital in any one or more of the ways set out in section 170 of the Ordinance (or such applicable provisions of the Ordinance in effect from time to time).
 - (b) The Company may by special resolution reduce its share capital in accordance with Division 3 of Part 5 of the Ordinance (or such applicable provisions of the Ordinance in effect from time to time).”;
18. the heading “Stock” and Articles 44 to 47 of the Articles be deleted;
19. the heading “Increase of capital” and Articles 48 to 50 of the Articles be deleted;
20. the words “but so that not more than fifteen months shall be allowed to elapse between any two such meetings” in Article 52 of the Articles be deleted and be replaced by “in accordance with the provisions of the Ordinance”;
21. the following be added as Article 53A after the existing Article 53 of the Articles:

“53A. The Company may hold a general meeting at two or more places using any technology that enables the Members who are not together at the same place to listen, speak and vote at the meeting, subject to any rules and procedures as the Board may decide from time to time.”;
22. the words “in nominal value of the shares giving that right” in sub-paragraph (ii) of paragraph (a) of Article 54 of the Articles be deleted and be replaced by “of the total voting rights of all the Members having a right to vote at the meeting”;
23. the words “some Director” and “some Member” in Article 58 of the Articles be deleted and be replaced by “one Director” and “one Member” respectively;
24. the words “of the paid up share capital of the Company, carrying the right to vote at the meeting, or by or on behalf of any Member representing not less than one-tenth” in Article 60 of the Articles be deleted”;
25. the words “and shall have for every partly paid share of which he is the holder that fraction of one vote which is equal to the proportion which the nominal amount due and paid-up or credited as paid-up thereon bears to the nominal value of the share” in Article 66 of the Articles be deleted;

26. the phrase “(excluding any part of a day that is a public holiday)” be added after the words “forty-eight hours” in paragraph (a) of Article 71 of the Articles;
27. the following be added before the “;” in paragraph (a) of Article 71 of the Articles:

“provided if the Company has given an electronic address in an instrument of proxy issued by the Company in relation to a general meeting, any document or information relating to proxies for that meeting may be sent by electronic means to that address (subject to any conditions or limitations specified in the instrument)”;
28. the words “under the seal” in Article 83 of the Articles be deleted and be replaced by “executed by any two Directors or any Director and the Secretary”;
29. Article 84 of the Articles be deleted;
30. the existing provisions of Articles 99 of the Articles be deleted and be replaced by the following:

“99. Each Director shall be subject to retirement by rotation at least once every three years at annual general meeting.”;
31. the heading “Seal” and Article 120 of the Articles be deleted;
32. in Article 123 of the Articles (i) the words “according to the amounts paid on the shares” be deleted and be replaced by “by reference to each Member’s holding of shares which are fully paid up or credited as fully paid up”; (ii) the words “(subject to the rights of persons, if any, entitled to shares with special rights as to dividend)” be added at the end of the first sentence before the full stop; and (iii) the second sentence be deleted;
33. the words “immediately before the commencement of the Ordinance” in Articles 131 and 133 of the Articles be added after the words “the issue of shares”;
34. the word “or stock” in Article 132 of the Articles be deleted;
35. the existing provisions of Article 138 of the Articles be deleted and be replaced by the following:

“138. The Company shall send a copy of the reporting documents or the summary financial report (each as defined in the Ordinance) for each financial year to each shareholder in accordance with the provisions of the Ordinance.”; and
36. the words “on the day” in paragraph (a) of Article 144 of the Articles be deleted and be replaced by “(subject to the provisions of the Ordinance) on the second business day”.

The effects of the proposed amendment of the Articles are as follows:

1. the change on the cover of the Articles removes reference to the Memorandum as memorandum of association has been abolished by the New Companies Ordinance and become part of the Articles;
2. the deletion of (i) reference to “Chapter 32” in the heading of the Memorandum reflects the replacement of the previous Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (the “Previous Companies Ordinance”) by the New Companies Ordinance; and (ii) the Third and Fifth Clauses of the Memorandum removes provisions relating to (a) the objects of the Company which are not required under the New Companies Ordinance; and (b) the authorised share capital and nominal value of shares of the Company which have been abolished by the New Companies Ordinance;
3. the renumbering of First, Second and Fourth Clauses of the Memorandum makes such provisions become part of the Articles following the abolition of memorandum of association by the New Companies Ordinance;
4. the change of “Memorandum of Association” to “Articles of Association” throughout the Articles removes references to the Memorandum as it has been abolished by the New Companies Ordinance and becomes part of the Articles;
5. the deletion of the heading above the heading “Table “A” Excluded” of the Articles removes duplication of heading;
6. the amendments of the heading and Article 1 of the Articles exclude the application of the model articles prescribed by the New Companies Ordinance to the Company;
7. the amendment of the interpretation of “Ordinance” in Article 2 of the Articles reflects the replacement of the Previous Companies Ordinance by the New Companies Ordinance;
8. the amendment of the interpretation of “published in the newspaper” in Article 2 of the Articles removes reference to provisions in the Previous Companies Ordinance;
9. the deletion of the interpretation of “seal” in Article 2 of the Articles follows the provisions of the New Companies Ordinance which do not require the Company to have a seal;
10. the amendment of the interpretation of “share” in Article 2 of the Articles reflects the abolition of the Company’s power to issue stock under the New Companies Ordinance;
11. the amendment of Article 3 of the Articles removes provisions relating to authorised share capital of the Company which has been abolished by the New Companies Ordinance and add in information relating to share capital on incorporation required under the New Companies Ordinance;

12. the amendment of Article 9B of the Articles removes the requirements that (i) certificates for securities of the Company must be issued under the seal of the Company; and (ii) the amount paid up on shares must be stated in share certificates;
13. the amendment of Article 16 of the Articles removes the requirement that each call on shares shall not exceed one-half of the nominal value of the share;
14. the amendment of Article 20 of the Articles removes provisions relating to nominal value of shares and premium pursuant to their abolition under the New Companies Ordinance;
15. the amendment of Article 40 of the Articles allows a certificate of proprietorship of share forfeited by the Company be signed by a Director instead of under the seal of the Company;
16. the deletions of Articles 43A and 43B of the Articles remove provisions relating to power to amend the Memorandum for alternation of the share capital of the Company by reference to the amount of the share capital;
17. the addition of Article 43 of the Articles allows the Company to alter and to reduce its share capital in accordance with the New Companies Ordinance;
18. the deletions of the heading “Stock” and Articles 44 to 47 of the Articles remove provisions relating to stock pursuant to abolition of the Company’s power to issue stock by the New Companies Ordinance;
19. the deletions of the heading “Increase of capital” and Articles 48 to 50 of the Articles removes provisions relating to nominal value of shares and premium pursuant to their abolition under the New Companies Ordinance;
20. the amendment of Article 52 of the Articles allows the Company to convene annual general meeting as required by the provisions of the New Companies Ordinance;
21. the new Article 53A of the Articles allows the Company to hold a general meeting at two or more places linked by technology;
22. the amendment of Article 54 of the Articles allows shareholders of not less than 95% of the total voting rights at a general meeting to give written consent to shorter notice for such meeting;
23. the amendment of Article 58 of the Articles clarifies that one Director or one shareholder of the Company may be chosen as chairman of a general meeting;
24. the amendment of Article 60 removes provisions conferring power on shareholders to demand voting on a poll at a general meeting of the Company with reference to amount of paid up capital held by shareholders pursuant to abolition of nominal value of shares under the New Companies Ordinance;
25. the amendment of Article 66 of the Articles disallows holders of partly paid shares to vote on a poll at a general meeting of the Company;

26. the amendment of Article 71 of the Articles follows the provisions in the New Companies Ordinance that in calculating the period for deposit of an instrument appointing a proxy, no account shall be taken of any part of a day that is a public holiday;
27. the amendment of Article 71 of the Articles allows documents relating to proxies be sent in electronic form if the Company has issued an instrument of proxy with an electronic address given therein;
28. the amendment of Article 83 of the Articles allows execution of power of attorney by any two Directors or any Director and the Secretary instead of under the seal of the Company;
29. the deletion of Article 84 of the Articles removes provisions relating to the Company's keeping of a seal for use abroad;
30. the amendment of Article 99 of the Articles provides that every Director shall be subject to retirement by rotation at least once every three years at annual general meeting in accordance with the Corporate Governance Code of the Listing Rules;
31. the deletions of the heading "Seal" and Article 120 of the Articles remove provisions in respect of seal of the Company;
32. the amendments of Article 123 of the Articles change the basis for declaration and payment of dividend according to holding of fully paid shares, not amounts paid on the relevant shares;
33. the amendments of Articles 131 and 133 of the Articles specify that the premium obtained on the issue of shares which can be set aside by the Directors as reserve refers to that obtained immediately before the commencement of the New Companies Ordinance pursuant to provisions of the New Companies Ordinance;
34. the amendment of Article 132 of the Articles removes provisions relating to stock pursuant to abolition of the Company's power to issue stock by the New Companies Ordinance;
35. the amendment of Article 138 of the Articles provides that a copy of the financial statements for a financial year, the directors' report for the financial year and the auditor's report on those financial statements or the summary financial report must be sent to each shareholder in accordance with the provisions of the New Companies Ordinance; and
36. the amendment of Article 144 of the Articles follows the provisions of the New Companies Ordinance on service of documents by post.

ANNUAL GENERAL MEETING

You will find on pages 21 to 24 of this circular a notice of the AGM to be held at 3:00 p.m. on Friday, 23rd May, 2014 at 19th Floor, Wing On House, 71 Des Voeux Road Central, Hong Kong. Voting at the AGM will be taken by poll.

Resolution no. 4A 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 not exceeding 20 per cent. of the total number of Shares in issue as at the date of the resolution.

Resolution no. 4B 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 total number of Shares in issue as at the date of the resolution.

Resolution no. 4C will be proposed as an ordinary resolution to extend resolution no. 4A to include the aggregate number of Shares which are repurchased by the Company under the authority granted to the Directors pursuant to resolution no. 4B.

Resolution no. 4D will be proposed as an ordinary resolution to approve adoption of the New Share Option Scheme.

Resolution no. 4E will be proposed as a special resolution to approve the proposed amendment of the Articles.

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.

RE-ELECTION OF DIRECTORS

Resolutions will be proposed at the AGM for re-election of Messrs. Yeung Wai Kin, Kwok Lam Kwong, Larry, B.B.S., J.P. and Yu Qihao as Directors according to the Articles. Their particulars are as follows:

Mr. Yeung Wai Kin (“Mr. Yeung”) aged 52, has been an executive Director since 1998. Mr. Yeung is also the Chief Financial Officer and Company Secretary of the Company. He joined the Company in 1993 and has over 30 years’ experience in auditing, finance and management positions. He is also director of China Assets (Holdings) Limited (which shares are listed on the Main Board of the Stock Exchange). 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.

As at the Latest Practicable Date, Mr. Yeung was interested in 20,384,304 Shares within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”). Mr. Yeung has a service contract with the Company with no specific term but is subject to retirement by rotation in annual general meetings of the Company in accordance with the Articles. Mr. Yeung is entitled to a fixed monthly salary of HK\$193,700 which was determined with reference to his qualification, experience and responsibilities and a discretionary bonus to be decided by the board of Directors (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, 2013 received by Mr. Yeung is set out in Note 13 to the consolidated financial statements of the Company’s annual report for such year.

Mr. Kwok Lam Kwong, Larry, B.B.S., J.P. (“Mr. Kwok”), aged 58, was appointed as an Independent Non-executive Director of the Company in 1994 and has been re-designated to Non-executive Director of the Company in 2005. Mr. Kwok is a practising solicitor in Hong Kong and is qualified to practise as a solicitor in Australia, England and Wales and Singapore. He is also qualified as a certified public accountant in Hong Kong and Australia and a Chartered Accountant in England and Wales. He graduated from the University of Sydney, Australia with bachelor’s degrees in economics and laws respectively as well as a master’s degree in laws. He also holds a diploma in the Advanced Management Program of the Harvard Business School. He is currently the Chairman of the Transport Advisory Committee, a member of the Hospital Governing Committee of Prince of Wales Hospital, Land and Development Advisory Committee, Mandatory Provident Fund Schemes Advisory Committee, Mainland Opportunities Committee of the Financial Services Development Council and Competition Commission.

As at the Latest Practicable Date, Mr. Kwok was interested in 1,000,000 Shares within the meaning of Part XV of the SFO. Mr. Kwok has a service contract with the Company which, subject to his re-election at the AGM, will be for a period until the date of the annual general meeting for the year ending 31st December, 2015. Mr. Kwok is entitled to a director’s fee of HK\$264,000 per annum and a further fee of HK\$30,000 per annum for being a member of the audit committee of the Company, such fee being determined by reference to the market range for the position and is subject to review by the Board from time to time.

Mr. Yu Qihao (“Mr. Yu”), aged 67, has been an Independent Non-executive Director of the Company 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 from 1995 to 1997 and a non-executive director from 1997 to 1998 of Shenyin Wanguo (H.K.) Limited (which shares are listed on the Main Board of the Stock Exchange). During the period from 2001 to 2006, Mr Yu was an advisor of Deloitte Touche Tohmatsu CPA Ltd in Shanghai.

As at the Latest Practicable Date, Mr. Yu was interested in 1,000,000 Shares within the meaning of Part XV of the SFO. Mr. Yu has a service contract with the Company which, subject to his re-election at the AGM, will be for a period until the date of the annual general meeting for the year ending 31st December, 2014. Mr. Yu is entitled to a director's fee of HK\$264,000 per annum and a further fee of HK\$30,000 per annum for being a member of the audit committee of the Company, such fee being determined by reference to the market range for the position and is subject to review by the Board from time to time.

Mr. Yu has served as an independent non-executive Director for more than nine years. As Mr. Yu has acted independently in the discharge of his duty and he continues to satisfy all requirements set out in Rule 3.13 of the Listing Rules, the Board believes that he is still independent and should be re-elected so that the Company can continue to benefit from his extensive experience in China.

Save as disclosed above, the above-named Directors have not held any other directorships in listed public companies in the last three years.

None of the above-named Directors has any relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

Save as disclosed above, there is no information required to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

RECOMMENDATION

The Directors consider that the above proposals 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.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable inquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DOCUMENT AVAILABLE FOR INSPECTION

A draft of the rules of the New Share Option Scheme will be available for inspection at the registered office of the Company at Room 1903, Wing On House, 71 Des Voeux Road Central, Hong Kong during normal business hours up to and including 23rd May, 2014 and at the AGM.

Yours faithfully,
By order of the Board
Lo Yuen Yat
Chairman

PURPOSE OF THE SCHEME

The New Share Option Scheme is set up for the purpose of attracting and retaining quality personnel and other persons to provide incentive to them to contribute to the business and operation of the Group.

WHO MAY JOIN

The Directors may at their discretion grant options to (i) any Relevant Person; or (ii) any discretionary trust whose discretionary objects include any Relevant Person; or (iii) a company beneficially owned by any Relevant Person.

PRICE OF SHARES

Options may be granted without any initial payment for the options at an exercise price (subject to adjustments as provided therein) equal to the highest of (i) the closing price per Share as stated in the Stock Exchange's daily quotations sheet on the date of the grant of the option, which must be a business day; and (ii) the average closing price per Share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the option.

MAXIMUM NUMBER OF SHARES

The maximum number of Shares which may be issued upon the exercise of all options to be granted under the New Share Option Scheme and any other share option scheme(s) of the Company shall not exceed 10 per cent. of the share capital of the Company in issue at the date of shareholders' approval of the New Share Option Scheme (the "General Mandate Limit") provided that:

- (a) the Company may seek approval by shareholders in general meeting to refresh the General Mandate Limit up to 10 per cent. of the issued share capital of the Company at the date of the shareholders' approval to refresh the limit; and
- (b) the Company may seek separate shareholders' approval in general meeting to grant options beyond the General Mandate Limit provided that the options in excess of the General Mandate Limit are granted only to participants specifically identified by the Company before such approval is sought,

subject to the limitation that the maximum number of Shares which may be issued or issuable upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option scheme(s) of the Company shall not exceed 30 per cent. of the total issued share capital of the Company from time to time.

On the Latest Practicable Date, there were in issue an aggregate of 1,398,913,012 Shares. On the assumption that no Share will be issued or repurchased prior to the AGM, a maximum of 139,891,201 Shares will be issued pursuant to the New Share Option Scheme.

The maximum number of Shares (issued and to be issued) in respect of which options may be granted under the New Share Option Scheme to any one grantee in any 12-month period shall not exceed 1 per cent. of the total share capital of the Company in issue on the last date of such 12-month period unless approval of the shareholders of the Company has been obtained in accordance with the Listing Rules.

GRANT OF OPTIONS TO CONNECTED PERSONS

Any grant of options to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).

Where options are proposed to be granted to a substantial shareholder or an independent non-executive Director or any of their respective associates, and the proposed grant of options would result in the Shares issued and to be issued upon exercise of all options already granted (including options exercised, cancelled and outstanding) and to be granted to such person in the 12-month period up to and including the date of the grant of such options to represent in aggregate over 0.1 per cent. of the total issued Shares for the time being and have an aggregate value (based on the closing price of a Share at each date of the grant of these options) exceeding HK\$5,000,000, the proposed grant shall be subject to the approval of shareholders of the Company in general meeting in accordance with the requirements of the Listing Rules. The Company must send a circular to the shareholders and all connected persons of the Company must abstain from voting in favour at such general meeting.

TIME OF EXERCISE OF OPTION

The holder of an option may subscribe for Shares during such period as may be determined by the Directors (which shall not be more than 10 years from the date of grant of the relevant option and may include the minimum period, if any, for which an option must be held before it can be exercised).

PERFORMANCE TARGETS

The Directors may at their absolute discretion specify the performance targets, if any, that must be achieved before the option can be exercised.

RIGHTS ARE PERSONAL TO GRANTEE

An option may not be transferred or assigned and will be personal to the holder of the option.

RIGHTS ON CEASING EMPLOYMENT/SERVICE

If a holder of an option (other than a corporation) or a Relevant Person of a holder of an option is disabled or retires or terminates his employment/service in accordance with the terms of his employment/service, the holder may exercise the option within a period of six months thereafter or at the expiration of the relevant option period, whichever is earlier, failing which the option will lapse.

RIGHTS ON DEATH

If a holder of an option (other than a corporation) or a Relevant Person of a holder of an option dies, the holder or the personal representatives of the holder (as the case may be) may exercise the option within a period of six months thereafter or at the expiration of the relevant option period, whichever is earlier, failing which the option will lapse.

RIGHTS ON DISMISSAL

If the holder of an option (other than a corporation) or a Relevant Person of a holder of an option resigns or is dismissed from the employment/service of the Group, the option of such holder will thereupon lapse.

TERMINATION OF OPTION HELD BY A CORPORATION

The Directors may terminate an option held by a corporation if it has breached any contact with the Group, become insolvent or been convicted of a criminal offence.

EFFECT OF ALTERATIONS TO CAPITAL

In the event of any reduction of the Company's capital, conversion of all or any shares of the Company into a larger or smaller number of shares or cancellation of shares of the Company or capitalisation issue or rights issue, the number of Shares comprised in each option and/or the option price may be adjusted in such manner as the Directors (having received a statement in writing from the auditors of the Company that in their opinion the adjustments proposed satisfy the requirements set out in the note to Rule 17.03(13) of the Listing Rules) may deem appropriate, provided always that an option holder shall have the same proportion of the equity capital of the Company as that to which he was entitled before such adjustments and no increase shall be made in the aggregate subscription price relating to any option.

RIGHTS ON A GENERAL OFFER

If a general offer is made to the holders of Shares, each holder of an option shall be entitled at any time within the period of six months after such control has been obtained to exercise any option in whole or in part, and to the extent that it has not been so exercised, any option shall upon the expiry of such period cease and determine.

RIGHTS ON WINDING UP

If notice is duly given of a general meeting at which a resolution will be proposed for the voluntary winding-up of the Company, every option shall be exercisable in whole or in part at any time thereafter until the resolution is duly passed or defeated or the meeting concluded or adjourned sine die, whichever shall first occur. If such resolution is duly passed, all options shall, to the extent that they have not been exercised, thereupon cease and determine.

RIGHTS ON A COMPROMISE OR ARRANGEMENT

If a compromise or arrangement between the Company and its members or creditors is proposed, each holder of an option may exercise his option forthwith until the expiry of two calendar months thereafter or the date on which such compromise or arrangement is sanctioned by the Court, whichever is earlier, subject to such compromise or arrangement being sanctioned by the Court and becoming effective.

RANKING OF SHARES

Shares allotted on the exercise of options will rank *pari passu* with the other Shares in issue at the date of exercise of the relevant option except in respect of any dividend or other distribution previously resolved or announced to be paid or made if the record date therefor is before the relevant exercise date.

PERIOD OF THE SCHEME

The New Share Option Scheme will remain in force for a period of 10 years from the date of adoption of such scheme.

VARIATION

The Directors may from time to time in their absolute discretion waive or amend such rules of the New Share Option Scheme as they deem desirable provided that except as allowed by the Listing Rules in effect from time to time or with the prior approval of shareholders in general meeting, no alteration shall be made to the provisions of the New Share Option Scheme to the advantage of participants relating to any of the above matters or of the terms or conditions of the New Share Option Scheme which are of a material nature or change the terms of options granted under the New Share Option Scheme, except where the alteration take effect automatically under the existing terms of the New Share Option Scheme. The Directors may terminate the New Share Option Scheme at any time, but options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the rules of such scheme.

CANCELLATION OF UNEXERCISED OPTION

The Company may cancel an option granted under the New Share Option Scheme but not exercised with the approval of the holder of such option. If the Company cancels options and issues new ones to the same option holder, the issue of such new options may only be made under the New Share Option Scheme with available unissued options (excluding the cancelled options) within the limit approved by shareholders as mentioned in the paragraph headed “Maximum number of Shares” above.

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 3:00 p.m. on Friday, 23rd May, 2014 at 19th Floor, Wing On House, 71 Des Voeux Road Central, Hong Kong for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and independent auditor for the year ended 31st December, 2013.
2. To elect directors and to authorise the board of directors to fix their remuneration.
3. To appoint auditor and to authorise the board of directors to fix its remuneration.
4. As special business, to consider and, if thought fit, pass the following resolutions, of which resolution nos. 4A, 4B, 4C and 4D will be proposed as ordinary resolutions and resolution no. 4E 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 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 number of shares 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), otherwise than pursuant to a Rights Issue or scrip dividend scheme or similar arrangement of the Company or the exercise of the

NOTICE OF ANNUAL GENERAL MEETING

subscription rights under the share option scheme of the Company shall not exceed 20 per cent. of the total number of shares 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 total number 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 total number of shares 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. 4B above being passed, the aggregate number of shares of the Company which are repurchased by the Company under the authority granted to the directors as mentioned in resolution no. 4B above shall be added to the total number of shares that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to resolution no. 4A above.”
- D. “THAT the rules of the new share option scheme of the Company (a copy of which has been submitted to the meeting and signed by the Chairman of the meeting for the purpose of identification) be and are hereby approved and that the directors of the Company be and are hereby authorised to implement the same and to grant options and to issue and allot shares of the Company pursuant thereto.”

SPECIAL RESOLUTION

- E. “THAT the existing Articles of Association of the Company be and are hereby amended (including removal of the objects of the Company) in the manner set out in the section headed “Amendment of Articles” in the circular of the Company dated 17th April, 2014 (a copy of which section has been submitted to the meeting and signed by the Chairman of the meeting for the purpose of identification).”

By Order of the Board
Yeung Wai Kin
Company Secretary

Hong Kong, 17th April, 2014

NOTICE OF ANNUAL GENERAL MEETING

Registered Office:

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

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, 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, 2014 to Friday, 23rd May, 2014, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending and voting at the annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 16th May, 2014.

As at the date of this notice, the executive directors of the Company are Mr. Lo Yuen Yat, Mr. Xin Shulin and Mr. Yeung Wai Kin; the non-executive director is Mr. Kwok Lam Kwong, Larry, B.B.S., J.P.; and the independent non-executive directors are Prof. Woo Chia-Wei, Mr. Liu Ji, Mr. Yu Qihao and Mr. Zhou Xiaohu.