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FIRST SHANGHAI GROUP

## FIRST SHANGHAI INVESTMENTS LIMITED

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 227)**

(the "Company")

### ANNOUNCEMENT

We have noted the recent increases in trading volume of the shares of the Company and wish to state that save as set out below, we are not aware of any reasons for such increases.

The Company is in negotiations with a third party for the proposed disposal of certain assets.

This statement is made at the request of The Stock Exchange of Hong Kong Limited.

We have noted the recent increases in the trading volume of the shares of the Company and wish to state that save as set out below, we are not aware of any reasons for such increases.

The Company is in negotiations with a third party for the proposed disposal of certain assets. No sale and purchase agreement has been signed. The proposed transaction may or may not proceed.

Save as set out above, we also confirm that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under rule 13.23, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09, which is or may be of a price-sensitive nature.

Made by the order of the Board of the Company the directors of which individually and jointly accepted responsibility for the accuracy of this statement.

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

By order of the Board

Yeung Wai-Kin

*Company Secretary*

Date: October 18, 2006

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