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第一上海

FIRST SHANGHAI GROUP

FIRST SHANGHAI INVESTMENTS LIMITED

(Incorporated in Hong Kong with limited liability)

(the “Company”)

(Stock Code: 227)

ACQUISITION OF ASSETS DISCLOSEABLE TRANSACTION

The Purchaser entered into an agreement on 1st June, 2006 for the acquisition of the Properties from the Vendor for a total cash consideration of RMB85 million (about HK\$82,364,341).

The Vendor is not connected with the Company, any directors, chief executive officer or substantial shareholders of the Company or any of its subsidiaries or their respective associates.

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

A circular giving details of the agreement will be sent to shareholders shortly.

AGREEMENT DATED 1ST JUNE, 2006

Parties:

Vendor: 中山市財聯置業有限公司 (Zhong Shan Shi Cai Lian Zhi Ye Company Limited) (the “Vendor”)

Purchaser: First Shanghai Investments Holding Group Limited (the “Purchaser”), a 80% owned subsidiary of the Company

Assets acquired:

The land use rights of a site of about 104,948.3 square meters and the buildings under construction thereon known as 聖賢莊 (Sheng Xian Garden) in 中山市長江水庫旅遊風景區 (Zhong Shan Shi Chang Jiang Shui Ku Scenery Area) (“Property 1”), together with a site for related roads of about 8,027.3 square meters (“Property 2”, and together with Property 1, the “Properties”).

The construction works of the Properties have stopped for some time. Under the agreement, the Vendor shall provide all the information and documents relating to the construction works to the Purchaser within 7 days after receipt of the First Instalment (as defined below). Within 4 months after payment of the Second Instalment (as defined below), the Vendor shall transfer the Land Use Right Certificate

relating to Property 1 to the Purchaser or its nominee, and to apply on behalf of the Purchaser the Land Use Right Certificate in respect of Property 2. The Vendor will deliver possession of the Properties and transfer the project management and construction works to the Purchaser within 7 days after payment of the First Instalment.

The Purchaser shall commence construction works within 8 months from the date of the agreement, and to complete the project within 3 years from the date of the agreement.

The book value of the Properties as at 30th May, 2006 in the Vendor's financial statements amounts to about RMB130 million (about HK\$125,968,992).

Consideration and payment terms:

RMB85 million (about HK\$82,364,341) in cash to be paid by the following instalments:

1. RMB25.5 million (about HK\$24,709,302) (the "First Instalment") within 7 days of the date of the agreement;
2. RMB8.5 million (about HK\$8,236,434) (the "Second Instalment") within 4 months of the date of the agreement; and
3. RMB51 million (about HK\$49,418,605) within 8 months of the date of the agreement.

The consideration was arrived at after arm's length negotiations based on the directors' experience and knowledge in the PRC property market.

The directors of the Company consider that the terms of the acquisition are fair and reasonable and in the interests of the shareholders as a whole.

Funding:

The purchase price will be funded from internal resources and available banking facilities.

Completion date:

The agreement will be completed upon the Purchaser making full payment of the purchase price to the Vendor and the Vendor delivering all relevant documents to the Purchaser in accordance with the agreement.

REASONS FOR THE TRANSACTION

The Company considers this acquisition will allow it to expand its property portfolio in the PRC. The Purchaser will continue the construction of the Properties for commercial and residential use.

CONNECTION BETWEEN THE PARTIES

The Company confirms that, to the best of the directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and its ultimate beneficial owners are independent third parties not connected with the Company, any directors, chief executive officer or substantial shareholders of the Company or any of its subsidiaries or their respective associates.

INFORMATION FOR SHAREHOLDERS

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

The Vendor is principally engaged in investment holding.

For the Company, the acquisition is a discloseable transaction under the Listing Rules.

A circular giving details of the agreement will be sent to shareholders shortly.

By Order of the Board
Lao Yuan Yi
Chairman

Hong Kong, 2nd June, 2006

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

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