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FIRST SHANGHAI INVESTMENTS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 227)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board wishes to inform its shareholders and potential investors that the Group is expected to record a loss attributable to shareholders of the Company for the six months ended 30th June 2016, as compared with the profit attributable to shareholders of the Company for the corresponding period in 2015.

The information contained in this announcement is only based on the Company's preliminary review of the latest consolidated management accounts of the Group available, which have not been audited or reviewed by the Company's auditor or the audit committee of the Board. Shareholders of the Company and potential investors should read carefully the interim results announcement of the Company for the six months ended 30th June 2016, which is expected to be published before the end of August 2016.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

This announcement is made by First Shanghai Investments Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the "**Board**") wishes to inform its shareholders and potential investors that the Group is expected to record a loss attributable to shareholders of the Company for the six months ended 30th June 2016, as compared with the profit attributable to shareholders of the Company for the corresponding period in 2015. Such expected loss is mainly attributable to (1) recognition of approximately HK\$119 million accounting loss on disposal of a listed associated company, China Assets (Holdings) Limited (stock code: 170) (the "**Disposal**"), details of which are set out in the circular of the Company dated 17th March 2016 and was duly approved by the shareholders of the Company at the extraordinary general meeting held on 7th April 2016; (2) decrease in profit from stock brokerage business with decrease in market turnover by approximately 71% from that of the corresponding period in 2015; and (3) decrease in trading profit of its investment portfolio by approximately 92% from that of the corresponding period in 2015. The impact was partially offset by the decrease in depreciation charge of hotel facilities in Wuxi City, Jiangsu Province, Mainland China.

The Directors would like to clarify that although the accounting loss on the Disposal of approximately HK\$119 million would be recognised in the consolidated income statement of the Group for the six months ended 30th June 2016, the retained earnings would be increased by almost the same amount upon reclassifying the negative goodwill to retained earnings, so the resulting balance of retained earnings and total equity would not be adversely affected. In fact, such accounting loss is non-cash in nature and would not have any material adverse impact on the current and future cash flows and business operations of the Group.

The Company is still in the process of finalising the consolidated interim results of the Group for the six months ended 30th June 2016. The information contained in this announcement is only based on the Company's preliminary review of the latest consolidated management accounts of the Group available, which have not been audited or reviewed by the Company's auditor or the audit committee of the Board. Shareholders of the Company and potential investors should read carefully the interim results announcement of the Company for the six months ended 30th June 2016, which is expected to be published before the end of August 2016.

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By order of the Board
First Shanghai Investments Limited
Lo Yuen Yat
Chairman

Hong Kong, 8th July 2016

As at the date of this announcement, the Board comprises three executive directors, being Mr. Lo Yuen Yat, Mr. Xin Shulin and Mr. Yeung Wai Kin; one non-executive director, being Mr. Kwok Lam Kwong, Larry, B.B.S., J.P.; and four independent non-executive directors, being Prof. Woo Chia-Wei, Mr. Liu Ji, Mr. Yu Qihao and Mr. Zhou Xiaohu.