

Shanghai Merchants Holdings Limited

上海商貿控股有限公司*

(incorporated in Bermuda with limited liability)

Stock code: 1104

ANNOUNCEMENT

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The directors (the “Directors”) of Shanghai Merchants Holdings Limited (the “Company”) have noted today’s increase in the price and trading volume of the shares of the Company (the “Shares”) and the Directors wish to state that the Directors are not aware of any reasons for such increase save as Profit Harbour Investments Limited, the controlling shareholder of the Company which is solely owned by the Chairman of the Company, Mr. Yue Jialin, has sold 302,000,000 Shares at prices ranged from HK\$0.25 to HK\$0.385 in the market on 18 October 2006, which in aggregate represents approximately 23.99% of the issued share capital of the Company as at the date of this announcement. After the disposal, Profit Harbour Investments Limited holds 626,699,801 Shares, representing approximately 49.78% of the issued share capital of the Company.

The Directors also confirm that save as the above-mentioned, there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Rule 13.23 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), neither are the Directors aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, 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 accept responsibility for the accuracy of this announcement.

By order of the Board
Shanghai Merchants Holdings Limited
Yue Jialin
Chairman

Hong Kong, 18 October 2006

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Yue Jialin (Chairman) and Mr. Lau Yau Cheung (Chief Executive Officer) and four independent non-executive directors namely Mr. Wong Wing Kuen, Albert, Mr. Tsui Robert Che Kwong, Mr. Yang Weiming and Mr. Michael J. Bogue.

** For identification purpose only.*

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