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## **FIRST SHANGHAI INVESTMENTS LIMITED**

(the “Company”)

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 227)

### **Discloseable Transaction**

The Company’s wholly owned subsidiary, Walbeck International Limited entered into a conditional agreement on 16th June, 2005 for the sale of 37,000,000 shares of RBI Holdings Limited (“RBI”) at HK\$1.56 per share, totalling HK\$57,720,000 in cash, to RBI (the “Agreement”).

As at the date of this announcement, the Company is a substantial shareholder of RBI holding about 19.94% of the total issued share capital of RBI. Immediately after completion of the Agreement, the Company will hold 37,062,352 shares of RBI, representing 11.08% of the then total issued share capital of RBI.

The Agreement constitutes a discloseable transaction of the Company under the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (“Listing Rules”).

A circular containing details of the Agreement will be sent to shareholders of the Company in accordance with the Listing Rules.

#### **Agreement dated 16th June, 2005**

Parties:

Vendor: Walbeck International Limited (the “Vendor”), a company incorporated in British Virgin Islands and a wholly owned subsidiary of the Company

Purchaser: RBI

#### **Assets to be disposed of:**

37,000,000 shares of HK\$0.10 each in the capital of RBI (the “Sale Shares”), representing about 9.96% of the issued share capital of RBI.

RBI is a company whose shares are listed on the Stock Exchange. RBI and its subsidiaries are principally engaged in the design, manufacture and sales of toys. For the two years ended 31st December, 2004, the audited consolidated net profits before taxation were approximately HK\$60,033,000 and HK\$99,630,000 respectively while the audited consolidated net profits after taxation were approximately HK\$53,909,000 and HK\$88,044,000 respectively. There was no extraordinary item for these two years.

The total original book value of the Sale Shares to the Company is approximately HK\$1.5 per Sale Share.

**Consideration:**

HK\$1.56 per Sale Share, totalling HK\$57,720,000 in cash. The consideration per Sale Share represents a premium of about 2.63% over the closing price of HK\$1.52 per share of RBI as quoted on the Stock Exchange on 15th June, 2005, being the last trading day prior to suspension of trading in share of RBI on 16th June, 2005 and a premium of about 2.90% over the average closing price of HK\$1.516 per share of RBI as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including 15th June, 2005.

The consideration was arrived at after arm's length negotiations between the Company and RBI and with reference to the recent market price of shares of RBI traded on the Stock Exchange.

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

**Payment terms:**

The consideration shall be payable in cash on completion.

**Conditions of the Agreement:**

Completion of the Agreement is conditional upon:

- (a) the approval of the independent shareholders at a special general meeting of RBI to be held in accordance with the Code on Share Repurchases and Note 1 on dispensations from Rule 26 of the Code on Takeovers and Mergers (the "Takeovers Code"); and
- (b) the granting of a waiver to Extrad Asset Limited ("Extrad"), the controlling shareholder of RBI, and parties acting in concert with it by the Corporate Finance Division of the Securities and Futures Commission (the "SFC") from any obligation to make a general offer for all the issued shares of RBI and outstanding options of RBI as a result of completion of the Agreement (the "Waiver").

None of the above conditions can be waived by the parties to the Agreement.

The Company was informed that Extrad will apply to the SFC for the Waiver.

**If the abovementioned conditions are not fulfilled on or before 19th August, 2005 (or such other date as the parties to the Agreement may mutually agree), the Agreement will lapse.**

**Completion date:**

The Agreement is expected to be completed on or before 26th August, 2005 after the Agreement becomes unconditional.

**Reasons for and benefits of the transaction:**

The directors of the Company consider that the sale of the Sale Shares will provides a satisfactory return to the Company. Upon the completion of the Agreement, the Company is expected to record a gain on disposal of approximately HK\$2.6 million. The proceeds will be used for general working capital. The remaining 37,062,352 shares of RBI will be held by the Company as long-term investment.

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

**Implication on the Listing Rules**

As at the date of this announcement, the Company is a substantial shareholder of RBI holding about 19.94% of the total issued share capital of RBI. Immediately after completion of the Agreement, the Company will hold 37,062,352 shares of RBI, representing 11.08% of the then total issued share capital of RBI.

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

A circular containing details of the Agreement will be sent to shareholders of the Company in accordance with the Listing Rules.

By Order of the Board  
**Lao Yuan Yi**  
*Chairman*

Hong Kong, 17th June, 2005

As at the date of this announcement, the executive directors of the Company are Messrs. Lao Yuan Yi, Xin Shulin, Yeung Wai Kin, 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.