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## **FIRST SHANGHAI INVESTMENTS LIMITED**

*(Incorporated in Hong Kong with limited liability)*

### **SHARE TRANSACTION**

On 8th February 2001, the Agreement was entered into between the Vendors and BonVision, a wholly owned subsidiary of the Company, pursuant to which BonVision conditionally agreed to purchase from the Vendors a 75% equity interest in Guang Zhou Tian Jun. The consideration is to be satisfied by a cash payment of RMB2,480,000.00 (equivalent to HK\$2,317,757.00) and the issue of 1,200,000 new Shares in the Company, the aggregate value of which amounts to HK\$600,000.00 which is calculated at the price of HK\$0.50 per share.

The Consideration Shares will represent 0.11% and 0.11% of the existing and enlarged share capital of the Company respectively. The Consideration Shares will rank pari passu in all aspects with the existing issued share capital of the Company. The Consideration Shares will be issued under the General Mandate. The Company will apply to the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

The transaction constitutes a share transaction for the Company under the Listing Rules.

BonVision conditionally agreed to subscribe 75% of the increase of RMB3,360,000.00 (equivalent to HK\$3,140,186.92) of the capital of Guang Zhou Tian Jun by a cash payment of RMB2,520,000.00 (equivalent to HK\$2,355,140.17) on Completion.

### **Agreement dated 8th February 2001**

Parties: Vendors: Mr. Jian Xiaohua, Mr. Shi Honghui, Mr. Yu Jianbo. The Vendors are all Independent Third Parties.

Purchaser: BonVision

Acquisition: Pursuant to the Agreement, the Company through its wholly owned subsidiary, BonVision, has conditionally agreed to purchase from the Vendors an aggregate of 75% equity interest in Guang Zhou Tian Jun by a cash payment of RMB2,480,000.00 (equivalent to HK\$2,317,757.00) and the issue of 1,200,000 new Shares in the Company.

Conditions: The Agreement is conditional upon, amongst other things:

- (1) the Vendors have provided documents to the satisfaction of BonVision including without limitation a legal opinion of a lawyer qualified in the PRC and approval documents issued by (if applicable) local Government authority or departments responsible for control of securities in the PRC proving, inter alia, the following:
  - (a) due incorporation of Guang Dong Yi Jun in accordance with the PRC laws which shall have replaced the Vendors as the shareholder of Guang Zhou Tian Jun. For details please refer to the section headed "Group structure of Guang Zhou Tian Jun" below;
  - (b) Guang Zhou Tian Jun having obtained all necessary approvals for conversion into a sino-foreign joint venture company in the PRC and has changed its name to GUANGZHOU BONVISION TECHNOLOGY LIMITED;
  - (c) the Vendors having fully paid up the existing capital of Guang Zhou Tian Jun;
  - (d) the capital of Guang Zhou Tian Jun having been increased to RMB5,360,000.00, of which RMB2,000,000.00 being the existing capital which shall have been fully paid-up by the Vendors;
  - (e) it is legally permissible for BonVision to be a shareholder of and to hold 75% equity interest in Guang Zhou Tian Jun;

- (f) it is legally permissible for Guang Dong Yi Jun and BonVision to proceed with the Subscription of the Subscription Equity Interest; and
- (2) on or before Completion, there is no material default on the part of the Vendors in respect of any of the declarations, warranties and covenants set out in the Agreement;
- (3) the Vendors having produced to the satisfaction of BonVision documents showing that Guang Zhou Tian Jun is wholly owned by the Vendors; and
- (4) approval for listing and permission to deal in the Consideration Shares being granted by the Listing Committee of the Stock Exchange.

If the Conditions are not fulfilled (or otherwise waived by BonVision) before the day falling on the 5th month after the date of the Agreement (or such later date as the parties may agree), BonVision shall be entitled to terminate the Agreement and to claim the Vendors for losses and damages arising from the Vendors' antecedent breach.

**Completion:** 1 business day after the date on which BonVision confirms the fulfilment of the Conditions in writing.

**Consideration:** The consideration is to be satisfied in full on completion by a cash payment of RMB2,480,000.00 (equivalent to HK\$2,317,757.00) and the issue of 1,200,000 new Shares at the price of HK\$0.50 per share . The issue price for each of the Consideration Share is equivalent to a premium of 29.87% above the closing price of the shares of the Company of HK\$0.385 as quoted in the Stock Exchange of Hong Kong Ltd on 8th February 2001 and is equivalent to a premium of 28.21% above the average closing price of the Shares of HK\$0.39 on the Stock Exchange for the last 10 trading days ended on 8th February 2001.

The Consideration Shares represent 0.11% of the existing issued share capital of the Company and will represent 0.11% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares respectively. The Consideration Shares will rank pari passu to the existing share capital of the Company. The Consideration Shares will be issued

under the General Mandate. The cash portion of the consideration will be financed by internal resources of the Group.

The Consideration Shares will be issued to the Vendors or its appointed nominees in the proportion to their shareholding in Guang Zhou Tian Jun.

**Subscription:** BonVision and Guang Dong Yi Jun agreed to subscribe 75% and 25% respectively of the Subscription Equity Interest on Completion at the Subscription Price in order to expand the capital base by Guang Zhou Tian Jun. Subject to the provisions of the Agreement, BonVision will pay its share of the Subscription Price on Completion by internal cash -resources of the Group.

**Other Terms:** Four persons nominated by BonVision and two of the Vendors, namely Mr. Jian Xiaohua and Mr. Shi Honghui will be directors of Guang Zhou Tian Jun after completion of the Agreement.

BonVision conditionally agreed, after Completion provided that it is legally permissible under the laws of PRC and after the relevant PRC authorities giving its approval (if required), to grant to the Vendors an option to buy back 10% equity interest of Guang Zhou Tian Jun within 3 years at the Option Price.

The Vendors and BonVision conditionally agreed, after the Completion provided that it is legally permissible under the laws of PRC and after fulfillment of the following conditions, to procure Guang Zhou Tian Jun, to establish a scheme whereby senior officials of Guang Zhou Tian Jun will be granted an option to subscribe not more than 10% equity interest of Guang Zhou Tian Jun at the Option Price within a period of 3 years:-

- (1) The board of Guang Zhou Tian Jun approving the scheme and the conditions thereof;
- (2) The relevant PRC authorities approving the establishment of the scheme (if required);
- (3) The Stock Exchange approving the scheme (if required); and
- (4) The shareholders of the Company approving the scheme (if required).

## **Information on Guang Zhou Tian Jun**

The following information has been provided to the Company by the Vendors.

Guang Zhou Tian Jun is a privately-owned enterprise established in Guangzhou and commenced business on 14 December 1999. It is engaged in the provision of system integration and e-commerce application services.

The loss before tax and extraordinary item attributable to Guang Zhou Tian Jun based on its unaudited financial statements for the ten months ended 31st October, 2000 is RMB252,106.06 (equivalent to HK\$235,613.14).

The net asset value of Guang Zhou Tian Jun based on its unaudited financial statements for the ten months ended 31st October, 2000 is RMB612,106.06 (equivalent to HK\$572,061.73).

## **Group structure of Guang Zhou Tian Jun**

Guang Zhou Tian Jun is wholly-owned by the Vendors. It is proposed that Guang Zhou Tian Jun will be a sino-foreign equity joint venture company immediately after completion. Guang Zhou Tian Jun (the joint venture) will be held as to 75% by the Company through BonVision and 25% by the Vendors through Guang Dong Yi Jun.

The Vendors own the shareholding of Guang Zhou Tian Jun as follows:-

	<b>Before Completion</b>	<b>After Completion</b>
Mr Jian Xiaohua	45%	11.25%
Mr Shi Honghui	45%	11.25%
Mr Yu Jianbo	10%	2.5%

## **Reasons for the acquisition**

The Company is continuously seeking investment opportunities which can broaden the asset bases and strengthen the income stream of the Group. The management of the Company is strategically planning to widen the Company's business to e-commerce service provider as a way of increasing the competitiveness and diversification of the Company. The proposed

acquisition of Guang Zhou Tian Jun is one step towards that direction. Although Guang Zhou Tian Jun is at a loss, the Directors having considered all the relevant factors are of the view that the acquisition is in the interests of the Company and the shareholders as a whole.

## **General**

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are provision of financial services and e-commerce, transportation and freight forwarding, manufacturing and distribution of child products.

## **Definitions:-**

In this announcement, the following terms have the following meanings:-

"Agreement"	the conditional sale and purchase agreement dated 8th February 2001 and entered into between the Vendors and BonVision for the sale and purchase of a 75% equity interest in Guang Zhou Tian Jun
"BonVision"	BonVision Technology Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
"Company"	First Shanghai Investments Limited, a company incorporated in Hong Kong with limited liability and whose securities are listed on the Stock Exchange
"Completion"	completion of the Agreement as described in the section headed "Completion" above
"Conditions"	the conditions precedent to be satisfied prior to Completion, as set out in the section headed "Conditions" above
"Consideration Shares"	the 1,200,000 new Shares at HK\$0.50 each to be issued in partial satisfaction of the consideration for the

	acquisition of the 75% equity interest in Guang Zhou Tian Jun under the Agreement
"Directors"	the directors of the Company
"General Mandate"	the general mandate granted to the Directors at the annual general meeting of the Company held on 31 May 2000
"Group"	the Company and its subsidiaries
"Guang Zhou Tian Jun"	Guang Zhou Tian Jun Information Technology Company Limited (廣州市天俊信息技術有限公司), a company established in the PRC, the equity interest of which is currently wholly owned by the Vendors, all of whom are Independent Third Parties.
"Guang Dong Yi Jun"	Guang Dong Yi Jun Computer System Limited (廣東億俊計算機系統有限公司), a new company to be incorporated in the PRC and wholly owned by the Vendors to hold the 25% equity interest in Guang Zhou Tian Jun.
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Parties"	(an) independent third party(ies) not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates as defined under the Listing Rules
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Option Price"	RMB752,266.67 (equivalent to HK\$703,052.96) which is calculated on the basis of pro-rata acquisition cost of the Purchaser
"PRC"	the People's Republic of China

"RMB"	Renminbi, the currency of the PRC
"Share(s)"	the ordinary shares of HK\$0.20 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription"	the subscription of the Subscription Equity Interest by BonVision and Guang Dong Yi Jun at the ratio of 75% to 25% respectively.
"Subscription Equity Interest"	The increase of RMB3,360,000.00 in the capital of Guang Zhou Tian Jun i.e from RMB2,000,000.00 to RMB5,360,000.00 as contemplated in the Agreement
"Subscription Price"	RMB3,360,000.00 of which RMB2,520,000.00 will be payable by BonVision and RMB840,000.00 will be payable by Guang Dong Yi Jun on Completion; and
"Vendors"	Mr. Jian Xiaohua, Mr. Shi Honghui and Mr. Yu Jianbo, being the existing shareholders of Guang Zhou Tian Jun.

By Order of the Board  
**First Shanghai Investments Limited**  
**LAO Yuan-Yi**  
*Chairman*

Hong Kong, 8th February, 2001

Please also refer to the published version of this announcement in the i-Mail.