

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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



FIRST SHANGHAI INVESTMENTS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 227)

PROPOSED OPEN OFFER ON THE BASIS OF ONE (1) OFFER SHARE FOR EVERY FIVE (5) EXISTING SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

PROPOSED OPEN OFFER

The Board proposes to raise approximately HK\$76.6 million before expenses, by way of Open Offer of a maximum of 283,794,602 Offer Shares at the Subscription Price of HK\$0.27 per Offer Share on the basis of one (1) Offer Share for every five (5) existing Shares held on the Record Date and payable in full on acceptance. The Open Offer is not underwritten and will not be extended to the Prohibited Shareholder(s), if any.

To qualify for the Open Offer, Shareholders must be registered as members of the Company on the Record Date and Qualifying Shareholders. In order to be registered as a member of the Company on the Record Date, any transfer of Shares (together with the relevant share certificates) must be lodged for registration with the Registrar on or before 4:30 p.m. on Thursday, 19 August 2021, being the Latest Lodging Time.

UNDERTAKINGS FROM THE UNDERTAKING PROVIDERS

Pursuant to the respective Undertakings, each of the Undertaking Providers has irrevocably undertaken to the Company that (i) those Shares registered in the name of and beneficially owned by him or it will remain registered in the name of and beneficially owned by him or it before the date when the announcement of the results of the Open Offer is published; (ii) he or it will accept his or its entitlement under the Open Offer; and (iii) he or it will lodge the Application Form in

respect of his or its assured entitlement accompanied by appropriate remittance which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

Save for the Undertakings, the Board has not received any information or irrevocable undertakings from any substantial shareholders of the Company of their intention to take up the securities of the Company to be offered to them under the Open Offer.

LISTING RULES IMPLICATIONS

As the Offer Shares will be issued pursuant to the General Mandate, the Open Offer is not subject to Shareholders' approval under the Listing Rules. The Open Offer will be carried out in compliance with Rule 7.26A(1)(b) of the Listing Rules.

The Open Offer will be made on terms such that the Company will provide for the Qualifying Shareholders to apply on the basis that if the Offer Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Open Offer will be scaled down to a level which does not trigger an obligation on the part of the relevant Shareholder(s) to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) (as applied by Rule 7.24) of the Listing Rules.

GENERAL

It is expected that the Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders as soon as practicable, subject to the conditions of the Open Offer being satisfied and the Prospectus with the Overseas Letter will be despatched to the Prohibited Shareholder(s) (if any) for information only.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

The Open Offer is conditional upon the fulfilment of certain conditions including, among others, the Stock Exchange granting the listing of, and permission to deal in the Offer Shares. Shareholders and potential investors should note that if the conditions to the Open Offer are not fulfilled, the Open Offer may or may not proceed.

Shareholders should note that the Shares will be traded on an ex-entitlement basis commencing from Wednesday, 18 August 2021 in respect of the Open Offer and that dealing in Shares will take place while the conditions to which the Open Offer is subject remain unfulfilled. Any Shareholder or potential investor of the Company dealing in the Shares up to the date on which all conditions of the Open Offer are fulfilled will bear the risk that the Open Offer does not become unconditional and does not proceed.

Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

PROPOSED OPEN OFFER

The Board proposes the Open Offer, details of which are summarised as follows:

Issue statistics

Basis of the Open Offer	:	One (1) Offer Share for every five (5) existing Shares held on the Record Date
Subscription Price	:	HK\$0.27 per Offer Share
Number of Shares in issue	:	1,418,973,012 Shares as at the date of this announcement
Number of Offer Shares	:	Up to 283,794,602 Offer Shares
Number of Offer Shares undertaken to be taken up by the Undertaking Providers	:	Pursuant to the Undertakings, the Undertaking Providers have irrevocably undertaken to the Company that (i) the 460,771,167 Shares registered in their respective names of and beneficially owned by them will remain registered in the name of and beneficially owned by them before the date when the announcement of the results of the Open Offer is published; (ii) the Undertaking Providers will accept their entitlements under the Open Offer for an aggregate of 92,154,232 Offer Shares; and (iii) the Undertaking Providers will lodge the Application Forms in respect of their assured entitlements accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.
Maximum number of Shares to be in issue upon completion of the Open Offer	:	Up to 1,702,767,614 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Offer Shares) will be allotted and issued on or before completion of the Open Offer)
Maximum funds to be raised before expenses	:	Up to approximately HK\$76.6 million (assuming all the Offer Shares will be fully taken up)

As at the date of this announcement, the Company has no outstanding warrants, options or convertible securities or other similar rights which are convertible or exchangeable into Shares. The Company has no intention to issue any new Shares and any other securities before the completion of the Open Offer.

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Offer Shares) will be allotted and issued on or before completion of the Open Offer, the maximum number of 283,794,602 Offer Shares proposed to be issued pursuant to the terms of the Open Offer represent: (i) approximately 20% of the total number of Shares in issue as at the date of this announcement; and (ii) approximately 16.67% of the total number of Shares to be in issue as enlarged by the allotment and issue of the Offer Shares (assuming all the Offer Shares will be taken up). The Offer Shares will be issued pursuant to the General Mandate.

Subscription Price

The Subscription Price is HK\$0.27 per Offer Share, payable in full on application of the relevant assured allotment of the Offer Shares. The Subscription Price represents:

- (i) a discount of approximately 19.4% to the closing price of HK\$0.335 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 18.2% to the benchmarked price of approximately HK\$0.330 per Share (as defined under Rule 13.36(5) of the Listing Rules, taking into account the closing price on the date of this announcement of HK\$0.330 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of this announcement of approximately HK\$0.329 per Share);
- (iii) a discount of approximately 16.7% to the theoretical ex-entitlement price of HK\$0.324 per Share based on the closing price of HK\$0.335 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a discount of approximately 17.9% to the average closing price of HK\$0.329 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 17.2% to the average closing price of HK\$0.326 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day;
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 3.0% represented by the theoretical diluted price of approximately HK\$0.320 to the benchmarked price of approximately HK\$0.330 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the date of this announcement of HK\$0.330 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of this announcement of approximately HK\$0.329 per Share), and calculated on the basis that the Open Offer will be fully subscribed; and

(vii) a discount of approximately 85.3% to the audited consolidated net asset value per Share of approximately HK\$1.84 (based on the latest published audited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$2,605,897,000 and 1,418,973,012 Shares in issue as at 31 December 2020).

The net Subscription Price per Offer Share (after deducting the relevant expenses) will be approximately HK\$0.264 per Offer Share.

The Subscription Price was determined by the Company with reference to, among other things, (i) the prevailing market price of the Shares; (ii) the prevailing market conditions; (iii) the Group's current financial position; (iv) the uncertain impact of COVID-19 on the business of the Group in the foreseeable future; and (v) the funding and working capital needs of the Group as set out in the paragraph headed "Reasons for the Open Offer and Use of Proceeds" below.

Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same Subscription Price in proportion to his/her/its existing shareholding in the Company. The Directors (including the independent non-executive Directors) consider the terms of the Open Offer, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Status of the Offer Shares

The Offer Shares (when allotted, fully paid and issued) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders for Subscription and will not be available to the Prohibited Shareholders. The Company will send (i) the Prospectus Documents to Qualifying Shareholders; and (ii) the Prospectus with the Overseas Letter, for information only, to the Prohibited Shareholders. No Application Form will be sent to the Prohibited Shareholders.

To qualify for the Open Offer, the Shareholder must be registered as a member of the Company on the Record Date and must be a Qualifying Shareholder.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge any transfers of Shares (with the relevant share certificate(s)) with the Registrar, Computershare Hong Kong Investor Services Limited of 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, being the Company's share registrar and transfer office in Hong Kong by 4:30 p.m. on Thursday, 19 August 2021.

Rights of Overseas Shareholders and Prohibited Shareholders

If at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside of Hong Kong, that Shareholder may not be eligible to take part in the Open Offer. The Prospectus Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdiction other than in Hong Kong.

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Directors will make enquiries as to whether the issue of Offer Shares to the Overseas Shareholders may contravene the applicable securities legislation(s) of the relevant overseas place(s) or the requirements of the relevant regulatory body(ies) or stock exchange(s). If, after making such enquiry, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place(s) or any requirement of the relevant regulatory body(ies) or stock exchange(s) in that or those place(s), not to offer the Offer Shares to such Overseas Shareholders, no provisional allotment of Offer Shares will be made to such Overseas Shareholders. Accordingly, the Open Offer will not be extended to the Prohibited Shareholders. The Offer Shares which would otherwise have been in the assured allotments of the Prohibited Shareholders will be placed by the Placing Agent under the Unsubscribed Arrangements to investors who (or as the case may be, their ultimate beneficial owner(s)) are Independent Third Parties. The Company will disclose the results of the enquiry in the Prospectus regarding the legal restrictions on the issue and allotment of Offer Shares to the Overseas Shareholders.

Closure of register of members

The register of members of the Company will be closed from Friday, 20 August 2021 to Thursday, 26 August 2021, both days inclusive, to determine the entitlements to the Open Offer. No transfer of Shares will be registered during this period.

Fractions of Offer Shares

Entitlement to the Open Offer will be rounded down to the nearest whole number. No fractional entitlements to the Offer Shares will be issued to the Qualifying Shareholders. No entitlements of the Prohibited Shareholders to the Offer Shares will be issued to the Prohibited Shareholders. The Prohibited Shareholders (which are excluded from the Open Offer) would not have any entitlement under the Open Offer. All such fractional entitlements will be aggregated and integral numbers of the Offer Shares will be placed by the Placing Agent in accordance with the terms and conditions of the Placing Agreement.

Non-underwritten basis

The Open Offer will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Offer Shares. The Unsubscribed Shares, if any, will be placed to independent places under the Unsubscribed Arrangements. Any Unsubscribed Shares not placed under the Unsubscribed Arrangements will not be issued by the Company and the size of the Open Offer will be reduced accordingly. There are no statutory requirements regarding minimum subscription levels in respect of the Open Offer. There is no minimum amount to be raised under the Open Offer.

As the Open Offer will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the Open Offer may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Open Offer will be made on terms such that the Company will provide for the Qualifying Shareholders to apply on the basis that if the Offer Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Open Offer will be scaled down to a level which does not trigger an obligation on the part of the relevant Shareholder(s) to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) (as applied by Rule 7.24) of the Listing Rules. Accordingly, in the case of Mr. Lo (being the Chairman and an executive Director of the Company), Kinmoss, New Synergies and China Assets, who and/or which are the controlling shareholders of the Company; and each of Mr. Yeung and Mr. Zhou, the Director, who is presumed to be a party acting in concert until completion of the Open Offer with Mr. Lo and the controlling shareholders of the Company solely by virtue of his capacity as a Director, as their shareholding in the Company in aggregate as at the date of this announcement is approximately 32.48%, their shareholding in the Company in aggregate will not be more than approximately 34.48% immediately upon completion of the Open Offer.

No excess application, procedures in respect of the Unsubscribed Shares and the Unsubscribed Arrangements

Pursuant to Rule 7.26A of the Listing Rules, the Company must make arrangements to dispose of the Offer Shares not validly applied for by means of excess application forms or by offering the same to independent places for the benefit of those Shareholders.

No excess application under Rule 7.26A(1)(a) of the Listing Rules will be made in relation to the Open Offer as stipulated. However, according to Rule 7.26A(1)(b) of the Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Shares by offering the Unsubscribed Shares to independent places for the benefit of the No Action Shareholders and the Prohibited Shareholders.

The Company therefore appointed the Placing Agent by means of the Placing Agreement to place the Unsubscribed Shares after the Latest Time for Acceptance to independent places on a best effort basis.

Any Unsubscribed Shares (which comprise (i) the Offer Shares that are not subscribed by the Qualifying Shareholders; (ii) the aggregated fractional Offer Shares; and/or (iii) the Offer Shares which would otherwise have been issued to the Prohibited Shareholders) will then be placed by the Placing Agent under the Unsubscribed Arrangements to investors who (or as the case may be, their ultimate beneficial owner(s)) are Independent Third Parties.

The Placing Agent will on a best effort basis, procure, by not later than 4:00 p.m., on 16 September 2021, acquirers for all (or as many as possible) of those Unsubscribed Shares at a premium over the Subscription Price (if possible). The Placing Price shall be at least equal to the Subscription Price. Any Unsubscribed Shares remain not placed after completion of the Unsubscribed Arrangements will not be issued by the Company and the size of the Open Offer will be reduced accordingly.

Net Gain, being the premium paid by the placees over the Subscription Price for the Unsubscribed Shares (if any) will be paid (without interest) on a pro-rata basis (on the basis of all Unsubscribed Shares) to the No Action Shareholders and the Prohibited Shareholders (but rounded down to the nearest cent after deduction of a proportionate share of the placing commission payable). It is proposed that only Net Gain to any of the No Action Shareholder(s) and the Prohibited Shareholder(s) of HK\$100 or more will be paid to them in Hong Kong Dollars and the Company will retain individual amounts of less than HK\$100 for its own benefit. Shareholders are reminded that Net Gain may or may not be realised, and accordingly the No Action Shareholders and the Prohibited Shareholders may or may not receive any Net Gain.

Accordingly, on 23 July 2021 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure independent placees, on a best effort basis, to subscribe for the Unsubscribed Shares. Principal terms of the Placing Agreement are summarised below:

- Date : 23 July 2021
- Placing Agent : First Shanghai Securities Limited
- The Placing Agent is a wholly-owned subsidiary of the Company.
- Placing commission : 1.0% of the gross proceeds from the subscription of the Unsubscribed Shares successfully placed by the Placing Agent at the Placing End Date.
- Placing Price : The placing price of each of the Unsubscribed Shares shall be at least equal to the Subscription Price.

The final price determination depends on the demand and market conditions of the Unsubscribed Shares during the process of placement.

- Placing Period : The period from Wednesday, 15 September 2021 up to 4:00 p.m. on Thursday, 16 September 2021, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Unsubscribed Arrangements.
- Placees : The Unsubscribed Shares are expected to be placed to investors who (or as the case may be, their ultimate beneficial owner(s)) are Independent Third Parties.
- Ranking of the Unsubscribed Shares : The Unsubscribed Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of this announcement.
- Termination : If at any time prior to completion of the Unsubscribed Arrangements:
- (i) the Company fails to comply with its obligations under the Placing Agreement; or
 - (ii) it comes to the notice of the Placing Agent that any statement contained in any document issued in connection with the Unsubscribed Arrangements has become or would be untrue, incorrect or misleading in any material respect or would constitute a material omission therefrom; or
 - (iii) any of the warranties of the Company under the Placing Agreement is not, or has ceased to be, true, accurate and not misleading in any respect by reference to the facts subsisting at the time, and such matter is reasonably considered by the Placing Agent to be material in the context of the Unsubscribed Arrangements then the Placing Agent may in its absolute discretion by giving notice in writing to the Company terminate the Placing Agent's obligation under the Placing Agreement.

In case of force majeure occurring at any time prior to completion of the Unsubscribed Arrangements which renders the Unsubscribed Arrangements impracticable or inadvisable, or any event or omission occurs or comes to the Placing Agent's notice which will or may be materially prejudicial to the Company or the Unsubscribed Arrangements, then the Placing Agent will consult with the Company but may, in its absolute discretion, by notice in writing to the Company, terminate the Placing Agreement pursuant to the terms therein.

Conditions : The obligations of the Placing Agent and the Company under the Placing
Precedent: Agreement are conditional upon, among others, the following conditions
being fulfilled (or being waived by the Placing Agent in writing, if
applicable):

- (i) the Listing Committee having granted the listing of, and permission to deal in, the Offer Shares;
- (ii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and
- (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof.

The Placing Agent may, in its absolute discretion, waive the fulfilment of all or any or any part of the above conditions (other than that set out in paragraph (i) above) by notice in writing to the Company.

Completion : Completion is expected to take place within three (3) Business Days after publication of an announcement by the Company of the number of the Unsubscribed Shares under the Unsubscribed Arrangements and upon fulfilment or waiver (as the case may be) of the conditions to the Placing Agreement or such other date as the Company and the Placing Agent may agree in writing.

The Company shall use its best endeavours to procure the fulfilment of such conditions by the Placing Long Stop Date. If any of the conditions have not been fulfilled by the Placing Long Stop Date or become incapable of being fulfilled (subject to the Placing Agent not exercising its rights to waive or extend the time for fulfilment of such conditions), then the Placing will lapse and all rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine, save in respect of any accrued rights or obligations under the Placing Agreement or antecedent breach thereof.

The Placing Agent is a wholly-owned subsidiary of the Company and is not a connected person of the Company as defined under the Listing Rules. Save as disclosed, there is no other arrangement, agreement, understanding or undertaking with the Placing Agent in relation to the Shares.

The engagement between the Company and the Placing Agent for the placing of the Unsubscribed Shares was determined between the Placing Agent and the Company. Given that the placing commission rate of 1.0% payable to the Placing Agent was determined based on the prevailing market practice, the Company considers it to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Given that the Unsubscribed Arrangements would provide a compensatory mechanism for the No Action Shareholders and the Prohibited Shareholders, the Company considers that the Unsubscribed Arrangements are fair and reasonable, and in the interests of the Company and the Shareholders as a whole; and would provide adequate safeguard to protect the interests of the minority Shareholders.

Application for listing

The Company shall make an application to the Stock Exchange for the listing of, and permission to deal in, the Offer Shares.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty (if any) in Hong Kong and any other applicable fees and charges in Hong Kong.

Share certificates and refund cheques for the Offer Shares

Subject to the fulfillment of the conditions of the Open Offer, share certificates for all Offer Shares are expected to be posted to the Qualifying Shareholders who have accepted and applied for (where appropriate), and paid for the Offer Shares on or before Monday, 20 September 2021 by ordinary post at their own risk.

If the Open Offer is terminated, refund cheques in respect of the applications for Offer Shares are expected to be posted on or before Monday, 20 September 2021 by ordinary post to the applicants at their own risk.

Qualifying Shareholders who do not take up the Offer Shares to which they are entitled and the Prohibited Shareholders should note that their shareholdings in the Company will be diluted.

Odd lots trading arrangement and matching services

In order to facilitate the trading of odd lots of new Shares arising from the Open Offer, the Company will appoint a designated broker as matching agent to provide matching service, on a best effort basis, to those Shareholders who wish to top-up or sell their shareholdings of odd lots of the Shares during the period from 9:00 a.m. on Tuesday, 21 September 2021 to 4:00 p.m. on Friday, 15 October 2021 (both days inclusive). Any Shareholder who is in any doubt about the odd lots trading arrangement is recommended to consult his/her/its own professional advisers. Further details of the odd lot arrangements will be set out in the Prospectus.

Holder of odd lots of the Shares should note that the matching of sale and purchase of odd lots of the Shares is not guaranteed.

The Undertakings

Pursuant to the Mr. Lo Undertaking, Mr. Lo has irrevocably undertaken to the Company that (i) the 98,725,636 Shares registered in the name of and beneficially owned by Mr. Lo will remain registered in the name of and beneficially owned by Mr. Lo before the date when the announcement of the results of the Open Offer is published; (ii) Mr. Lo will accept his entitlement under the Open Offer for an aggregate of 19,745,127 Offer Shares provided that the total number of Offer Shares to be subscribed by Mr. Lo under the Open Offer will be scaled down to the extent that the percentage shareholding of the Undertaking Providers and Mr. Zhou as a whole in the Company after completion of the Open Offer shall not increase by more than 2% which would otherwise trigger an obligation on the part of the Undertaking Providers and Mr. Zhou to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) (as applied by Rule 7.24) of the Listing Rules; and (iii) Mr. Lo will lodge the Application Form in respect of his assured entitlement accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

Pursuant to the Kinmoss Undertaking, Kinmoss has irrevocably undertaken to the Company that (i) the 72,952,000 Shares registered in the name of and beneficially owned by Kinmoss will remain registered in the name of and beneficially owned by Kinmoss before the date when the announcement of the results of the Open Offer is published; (ii) Kinmoss will accept its entitlement under the Open Offer for an aggregate of 14,590,400 Offer Shares provided that the total number of Offer Shares to be subscribed by Kinmoss under the Open Offer will be scaled down to the extent that the percentage shareholding of the Undertaking Providers and Mr. Zhou as a whole in the Company after completion of the Open Offer shall not increase by more than 2% which would otherwise trigger an obligation on the part of the Undertaking Providers and Mr. Zhou to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) (as applied by Rule 7.24) of the Listing Rules; and (iii) Kinmoss will lodge the Application Form in respect of its assured entitlement accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

Pursuant to the New Synergies Undertaking, New Synergies has irrevocably undertaken to the Company that (i) the 216,000 Shares registered in the name of and beneficially owned by New Synergies will remain registered in the name of and beneficially owned by New Synergies before the date when the announcement of the results of the Open Offer is published; (ii) New Synergies will accept its entitlement under the Open Offer for an aggregate of 43,200 Offer Shares provided that the total number of Offer Shares to be subscribed by New Synergies under the Open Offer will be scaled down to the extent that the percentage shareholding of the Undertaking Providers and Mr. Zhou as a whole in the Company after completion of the Open Offer shall not increase by more than 2% which would otherwise trigger an obligation on the part of the Undertaking Providers and Mr. Zhou to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) (as applied by Rule 7.24) of the Listing Rules; and (iii) New Synergies will lodge the Application Form in respect of its assured entitlement accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

Pursuant to the China Assets Undertaking, China Assets has irrevocably undertaken to the Company that (i) the 277,005,227 Shares registered in the name of and beneficially owned by China Assets will remain registered in the name of and beneficially owned by China Assets before the date when the announcement of the results of the Open Offer is published; (ii) China Assets will accept its entitlement under the Open Offer for an aggregate of 55,401,045 Offer Shares provided that the total number of Offer Shares to be subscribed by China Assets under the Open Offer will be scaled down to the extent that the percentage shareholding of the Undertaking Providers and Mr. Zhou as a whole in the Company after completion of the Open Offer shall not increase by more than 2% which would otherwise trigger an obligation on the part of the Undertaking Providers and Mr. Zhou to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) (as applied by Rule 7.24) of the Listing Rules; and (iii) China Assets will lodge the Application Form in respect of its assured entitlement accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

Pursuant to the Mr. Yeung Undertaking, Mr. Yeung has irrevocably undertaken to the Company that (i) the 11,872,304 Shares registered in the name of and beneficially owned by Mr. Yeung will remain registered in the name of and beneficially owned by Mr. Yeung before the date when the announcement of the results of the Open Offer is published; (ii) Mr. Yeung will accept his entitlement under the Open Offer for an aggregate of 2,374,460 Offer Shares provided that the total number of Offer Shares to be subscribed by Mr. Yeung under the Open Offer will be scaled down to the extent that the percentage shareholding of the Undertaking Providers and Mr. Zhou as a whole in the Company after completion of the Open Offer shall not increase by more than 2% which would otherwise trigger an obligation on the part of the Undertaking Providers and Mr. Zhou to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) (as applied by Rule 7.24) of the Listing Rules; and (iii) Mr. Yeung will lodge the Application Form in respect of his assured entitlement accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

Save for the Undertakings as disclosed above, the Board has not received any information or irrevocable undertakings from any Shareholders of their intention to take up the securities of the Company to be offered to them under the Open Offer.

Conditions of the Open Offer

The Open Offer is conditional upon:

- (a) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the first day of their dealings;
- (b) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the CWUMPO not later than the Prospectus Posting Date;
- (c) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Prohibited Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date; and
- (d) compliance with and performance of all undertakings and obligations of the Undertaking Providers with the Undertakings in all material respects.

The Company shall use its reasonable endeavours to procure the fulfilment of the conditions above (to the extent it is within its power to do so), and shall do all the things required to be done by it pursuant to the Prospectus Documents or otherwise reasonably necessary to give effect to the Open Offer. If any of the conditions referred to above are not fulfilled at or before 4:00 p.m. on Thursday, 23 September 2021, the Open Offer will not proceed.

EXPECTED TIMETABLE

The expected timetable for the Open Offer is set out below:

Event	Time and Date 2021
Last day of dealings in Shares on a cum-entitlement basis	Tuesday, 17 August
First day of dealings in Shares on an ex-entitlement basis	Wednesday, 18 August
Latest Lodging Time	4:30 p.m. on Thursday, 19 August
Register of members of the Company closed for Open Offer (both days inclusive)	Friday, 20 August to Thursday, 26 August
Record Date	Thursday, 26 August
Register of members of the Company re-opens	Friday, 27 August
Despatch of the Prospectus Documents (in case of the Prohibited Shareholders, the Prospectus and the Overseas Letter only)	Friday, 27 August
Latest Time for Acceptance	4:00 p.m. on Friday, 10 September
Announcement of the number of the Unsubscribed Shares subject to the Unsubscribed Arrangements	Tuesday, 14 September
Commencement of placing of the Unsubscribed Shares subject to the Unsubscribed Arrangements	Wednesday, 15 September
Placing End Date	4:00 p.m. on Thursday, 16 September
Announcement of allotment results of the Offer Shares to be published on the Stock Exchange	On or before Friday, 17 September
Despatch of share certificates and/or refund cheques (if applicable) for Offer Shares	On or before Monday, 20 September
Dealings in Offer Shares commence	9:00 a.m. on Tuesday, 21 September

All times stated above refer to Hong Kong times.

Dates or deadlines specified in the expected timetable above or in other parts of this announcement are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

Effect of bad weather on the Latest Time for Acceptance and payment for the Open Offer

If there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning,

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 10 September 2021 (being the date of the Latest Time for Acceptance), the latest time of acceptance of and payment for the Offer Shares will not take place at the Latest Time for Acceptance, but will be extended to 5:00 p.m. on the same Business Day instead;
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 10 September 2021 (being the date of the Latest Time for Acceptance), the latest time of acceptance of and payment for the Offer Shares will not take place at the Latest Time for Acceptance, but will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on Friday, 10 September 2021, the dates mentioned in this section headed “Expected Timetable” in this announcement may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Group is principally engaged in corporate finance, stockbroking, property development, property investment, hotel operations, medical and healthcare services, direct investment, investment holding and management.

As disclosed in the annual report the Company for the year ended 31 December 2020, the Group recorded a net loss attributable to the Shareholders of approximately HK\$90.3 million for the year ended 31 December 2020 compared to a net profit attributable to the Shareholders of approximately HK\$10.6 million for the year ended 31 December 2019. The net loss was mainly attributable to (i) the decrease in fair value gain on the Group’s investment properties marked to adverse market sentiment on valuation in view of uncertainties on general sales and rental return; (ii) interruptions to the sales and marketing of the Group’s property in Huangshan, Anhui Province, the PRC; (iii) suspension of hotel and beverage businesses in Wuxi City, Jiangsu Province, the PRC and Paris, France as required by the local governments; and (iv) the drop in demand for the Group’s medical and healthcare services, as a result of the COVID-19 pandemic.

In light of the operating and financial performance of the Group for the year ended 31 December 2020, the uncertain impact of the COVID-19 pandemic on the business of the Group in the foreseeable future, and the global and domestic economy which remain sensitive to geopolitical and macroeconomic uncertainties, the Board considers that it is vital for the Group to have access to additional funding and working capital in order to enhance its financial position so as to maintain its competitiveness in the market.

The maximum gross and net proceeds (after deducting the related expenses) from the Open Offer are expected to be approximately HK\$76.6 million and HK\$74.8 million, respectively. The net Subscription Price per Offer Share is expected to be approximately HK\$0.264.

The Company intends to apply all the net proceeds from the Open Offer for financing the medical and healthcare business of the Group.

The Company has considered other fund-raising alternatives before resolving to the Open Offer, including but not limited to debt financing, placing of new Shares and rights issue. Debt financing or bank loans would result in additional interest burden to and higher gearing ratio of the Group. Placing of new Shares would only be available to certain placees who were not necessarily the existing Shareholders and would dilute the shareholding of the existing Shareholders in the Company.

Although rights issue, as compared to an Open Offer, can provide an additional option to those Shareholders who do not wish to take up the entitlements by selling their entitled nil-paid rights, rights issue would involve extra administrative work and cost for the preparation, printing, posting and processing of trading arrangements in relation to the nil-paid rights. The Company will also incur additional resources to administer the trading of the nil-paid rights including communication between the Company and other parties such as the registrar or financial printer. In addition, since the liquidity of the Shares is relatively thin with low average daily trading volume of the Shares over the past six months of 2021, there would be high uncertainty of the existence of an active market to trade the nil-paid rights. In view of the above and the loss-making position of the Company for the year ended 31 December 2020, the Board considers raising funds by way of the Open Offer is more cost-effective and efficient as compared to a rights issue.

The objective of the Open Offer is to enable the Shareholders to maintain their proportionate shareholding interests in the Company should they wish to do so, ensuring stability in the Shareholders' base in the Company, and to participate in the Company's future growth and development. The Board therefore considers, since the Open Offer will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro-rata shareholding interests in the Company, even without the right to trade their nil-paid rights as in a rights issue, on balance, to conduct an Open Offer instead of a rights issue will be more beneficial to the Company and the Shareholders in the current circumstances.

However, the No Action Shareholders should note that their shareholding interest in the Company will be diluted. The Board has considered that the potential dilution impact on the shareholding interests of the Qualifying Shareholders, which may only happen when the Qualifying Shareholders do not subscribe for their pro-rata Offer Shares, to be acceptable.

Having taken into account the terms and conditions of the Open Offer, the Directors (including the independent non-executive Directors) consider that the Open Offer is fair and reasonable, and in the interests of the Company and the Shareholders as a whole. In addition, the Company is aware that any fund-raising activities by way of issuing securities of the Company will cause potential dilution impact to the shareholding of the existing Shareholders. However, the Open Offer would allow the Company to strengthen its capital base and provide an opportunity to all Shareholders (other than the Prohibited Shareholders) to participate in the growth of the Company in proportion to their shareholdings.

Having considered the above factors, the Directors (including the independent non-executive Directors) consider that the Open Offer is an appropriate method to raise the necessary funding for the Company which will allow the Qualifying Shareholders to have the right to participate in the new share issue to maintain their pro rata shareholdings interest in the Company should they wish to do so and is also in the interest of the Company and Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the completion of the Open Offer (assuming all Shareholders have taken up all entitled Offer Shares under the Open Offer); (iii) immediately after completion of the Open Offer (assuming (a) no Qualifying Shareholders have taken up any of his/her/its entitlement under the Open Offer except for the Undertaking Providers pursuant to the Undertakings; and (b) all the Unsubscribed Shares have been placed to Independent Third Parties under the Unsubscribed Arrangements); and (iv) immediately after completion of the Open Offer (assuming (a) no Qualifying Shareholders have taken up any of his/her/its entitlements under the Open Offer except for the Undertaking Providers pursuant to the Undertakings and Mr. Zhou; and (b) no Unsubscribed Shares have been placed by the Placing Agent) which is scaled down to a level which does not trigger an obligation on the part of the relevant Shareholder(s) to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) (as applied by Rule 7.24) of the Listing Rules is set out below:

	As at the date of this announcement		Immediately after completion of the Open Offer (assuming all Shareholders have taken up all entitled Offer Shares under the Open Offer)		Immediately after completion of the Open Offer (assuming (a) no Qualifying Shareholders have taken up any of his/her/its entitlement under the Open Offer except for the Undertaking Providers pursuant to the Undertakings and Mr. Zhou; and (b) no Unsubscribed Shares have been placed by the Placing Agent) which is scaled down to a level which does not trigger an obligation on the part of the relevant Shareholder(s) to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) (as applied by Rule 7.24) of the Listing Rules		Immediately after completion of the Open Offer (assuming (a) no Qualifying Shareholders have taken up any of his/her/its entitlements under the Open Offer except for the Undertaking Providers pursuant to the Undertakings and Mr. Zhou; and (b) no Unsubscribed Shares have been placed by the Placing Agent) which is scaled down to a level which does not trigger an obligation on the part of the relevant Shareholder(s) to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) (as applied by Rule 7.24) of the Listing Rules	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mr. Lo	98,725,636	6.96	118,470,763	6.96	118,470,763	6.96	108,003,475 ^(Note 7)	7.38
Kinmoss ^(Note 1)	72,952,000	5.14	87,542,400	5.14	87,542,400	5.14	79,807,736 ^(Note 7)	5.46
New Synergies ^(Note 2)	216,000	0.02	259,200	0.02	259,200	0.02	236,299 ^(Note 7)	0.02
China Assets ^(Note 3)	277,005,227	19.52	332,406,272	19.52	332,406,272	19.52	303,037,068 ^(Note 7)	20.72
Mr. Yeung ^(Note 4)	11,872,304	0.83	14,246,764	0.83	14,246,764	0.83	12,988,016 ^(Note 7)	0.89
The Undertaking Providers	460,771,167	32.47	552,925,399	32.47	552,925,399	32.47	504,072,594 ^(Note 7)	34.47
Mr. Zhou ^(Note 5)	160,000	0.01	192,000	0.01	160,000	0.01	175,036 ^(Note 7)	0.01
Sub-total	460,931,167	32.48	553,117,399	32.48	553,085,399	32.48	504,247,630 ^(Note 7)	34.48
Independent placees	-	-	-	-	191,640,370	11.26	-	-
Public Shareholders	958,041,845	67.52	1,149,650,215	67.52	958,041,845	56.26	958,041,845	65.52
Total	1,418,973,012	100.00	1,702,767,614	100.00	1,702,767,614	100.00	1,462,289,475	100.00

Notes:

1. Kinmoss is an investment holding company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is beneficially owned by Mr. Lo. Under the SFO, Mr. Lo is deemed to be interested in 72,952,000 Shares owned by Kinmoss.

2. New Synergies is an investment holding company incorporated in Hong Kong with limited liability, the issued share capital of which is wholly and beneficially owned as to 40% by Mr. Lo. Under the SFO, Mr. Lo is deemed to be interested in 216,000 Shares owned by New Synergies and the 277,005,227 Shares owned by China Assets.
3. China Assets is an investment holding company incorporated in Hong Kong with limited liability, the entire issued share capital of which is wholly and beneficially owned by New Synergies. Under the SFO, New Synergies is deemed to be interested in the 277,005,227 Shares owned by China Assets.
4. Mr. Yeung is an executive Director, the chief financial officer and company secretary of the Company. Mr. Yeung, by virtue of his capacity as the Director, is presumed to be a party acting in concert with Mr. Lo, Kinmoss, New Synergies, China Assets and Mr. Zhou until completion of the Open Offer.
5. Mr. Zhou is an independent non-executive Director. Mr. Zhou, by virtue of his capacity as the Director, is presumed to be a party acting in concert with Mr. Lo, Kinmoss, New Synergies, China Assets and Mr. Yeung until completion of the Open Offer.
6. As at the date of this announcement, save as disclosed above, none of the Directors hold any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) in the Company.
7. The number of Shares held by each of the Undertaking Providers and Mr. Zhou is presented for illustrative purpose only and on the assumption that the percentage shareholding of the Undertaking Providers and Mr. Zhou as a whole shall not increase by more than 2% and their shareholdings will be increased on a pro rata basis in proportion of their existing shareholdings. The actual number of Shares held by each of the Undertaking Providers and Mr. Zhou may vary from the above illustration following the scale-down.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activity in the past twelve months before the date of this announcement.

LISTING RULES IMPLICATIONS

As the Offer Shares will be issued under the General Mandate, the Open Offer is not subject to Shareholders' approval under the Listing Rules. Up to the date of this announcement, the General Mandate has not been utilised. In the event that the maximum number of the Offer Shares, i.e. 283,794,602 Offer Shares, is allotted and issued, 100% of the General Mandate will be utilised. The Open Offer will be carried out in compliance with Rule 7.26A(1)(b) of the Listing Rules.

GENERAL

It is expected that the Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders as soon as practicable, subject to the conditions of the Open Offer being satisfied and the Prospectus with the Overseas Letter will be despatched to the Prohibited Shareholder(s) (if any) for information only.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

The Open Offer is conditional upon the fulfilment of certain conditions including, among others, the Stock Exchange granting the listing of, and permission to deal in the Offer Shares. Shareholders and potential investors should note that if the conditions to the Open Offer are not fulfilled, the Open Offer may or may not proceed.

Shareholders should note that the Shares will be traded on an ex-entitlement basis commencing from Wednesday, 18 August 2021 in respect of the Open Offer and that dealing in Shares will take place while the conditions to which the Open Offer is subject remain unfulfilled. Any Shareholder or potential investor of the Company dealing in the Shares up to the date on which all conditions of the Open Offer are fulfilled will bear the risk that the Open Offer does not become unconditional and does not proceed.

Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the meaning ascribed thereto under the Takeover Code
“Application Form(s)”	the form(s) of application to be issued to the Qualifying Shareholders to apply for the Offer Shares for their assured entitlement under the Open Offer
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China Assets”	China Assets (Holdings) Limited, a company incorporated in Hong Kong with limited liability whose entire issued share capital is owned by New Synergies, being a Shareholder holding 277,005,227 Shares as at the date of this announcement

“China Assets Undertaking”	the irrevocable undertaking given by China Assets in favour of the Company
“Company”	First Shanghai Investments Limited, a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 227)
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“CWUMPO”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (as amended from time to time)
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted by the Shareholders to the Directors to issue not more than 283,794,602 Shares at the annual general meeting of the Company held on 28 May 2021
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	person(s) who is/are independent of and not connected with the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates
“Kinmoss Undertaking”	the irrevocable undertaking given by Kinmoss in favour of the Company
“Kinmoss”	Kinmoss Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability whose entire issued share capital is owned by Mr. Lo, being a Shareholder holding 72,952,000 Shares as at the date of this announcement
“Last Trading Day”	22 July 2021, being the last trading day of the Shares immediately prior to the date of release of this announcement

“Latest Lodging Time”	4:30 p.m. on Thursday, 19 August 2021 or such other date and/or time as the Company may determine as the latest time for lodging transfer of Shares in order to qualify for the Open Offer
“Latest Time for Acceptance”	4:00 p.m. on Friday, 10 September 2021 or such other date and/or time as the Company may determine as the latest time for acceptance of, and payment for, the Offer Shares under the Open Offer
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lo”	Mr. Lo Yuen Yat, the Chairman and an executive Director and as at the date of this announcement a Shareholder directly holding 98,725,636 Shares who is also deemed to be interested in (a) 72,952,000 Shares owned by Kinmoss; (b) 216,000 Shares owned by New Synergies; and (c) 277,005,227 Shares owned by China Assets
“Mr. Lo Undertaking”	the irrevocable undertaking given by Mr. Lo in favour of the Company
“Mr. Yeung”	Mr. Yeung Wai Kin, an executive Director, the chief financial officer and company secretary of the Company and a Shareholder holding 11,872,304 Shares as at the date of this announcement
“Mr. Yeung Undertaking”	the irrevocable undertaking given by Mr. Yeung in favour of the Company
“Mr. Zhou”	Mr. Zhou Xiaohe, an independent non-executive Director and a Shareholder holding 160,000 Shares as at the date of this announcement
“Net Gain”	any premiums paid by the placees over the Subscription Price for the Unsubscribed Shares placed by the Placing Agent under the Unsubscribed Arrangements (after deduction of a proportionate share of the placing commission payable)
“New Synergies”	New Synergies Investments Company Limited, a company incorporated in Hong Kong with limited liability whose issued share capital is owned as to 40% by Mr. Lo, being a Shareholder holding 216,000 Shares as at the date of this announcement

“New Synergies Undertaking”	the irrevocable undertaking given by New Synergies in favour of the Company
“No Action Shareholders”	Qualifying Shareholders who do not subscribe for the Offer Shares (whether partially or fully) in their assured entitlements
“Offer Share(s)”	up to 283,794,602 new Share(s), proposed to be offered to the Qualifying Shareholders for subscription under the Open Offer on the terms and subject to the conditions set out in the Prospectus
“Open Offer”	the proposed issue of the Offer Shares by way of open offer at the Subscription Price to be made by the Company to the Qualifying Shareholders on the basis of one (1) Offer Share for every five (5) Shares held on the Record Date in accordance with the terms and conditions set out in the Prospectus
“Overseas Letter”	a letter from the Company to the Prohibited Shareholders explaining the circumstances in which the Prohibited Shareholders are not permitted to participate in the Open Offer
“Overseas Shareholders(s)”	the Shareholder(s) with registered addresses on the register of members of the Company which are outside Hong Kong on the Record Date
“Placing Agent”	First Shanghai Securities Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company, being a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 23 July 2021 and entered into between the Company and the Placing Agent in respect of the Unsubscribed Arrangements, pursuant to which the Placing Agent has agreed to procure places on a best effort basis to subscribe for the Unsubscribed Shares
“Placing End Date”	16 September 2021, or such other date as may be agreed between the Company and the Placing Agent as the latest date for acceptance of, and payment for, the Unsubscribed Shares under the Placing Agreement
“Placing Long Stop Date”	the day falling two months after the date of the Placing Agreement (or such later date as may be agreed between the Placing Agent and the Company in writing)

“Placing Period”	15 September 2021 to 16 September 2021, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Unsubscribed Arrangements
“Placing Price”	the placing price of the Unsubscribed Share(s) pursuant to the Placing Agreement, being at least equal to the Subscription Price
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prohibited Shareholders”	those Overseas Shareholder(s) to whom the Board, after making enquires, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to them
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus and the Application Forms to be used by the Qualifying Shareholders to apply for the Offer Shares
“Prospectus Posting Date”	27 August 2021 or such other date as may be determined by the Company for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Prohibited Shareholder(s), whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	26 August 2021 or such other date as may be determined by the Company, being the date by reference to which entitlements to the Open Offer are to be determined
“Registrar”	Computershare Hong Kong Investor Services Limited of 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, being the Company’s share registrar and transfer office in Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong)
“Share(s)”	ordinary share(s) in the issued share capital of the Company

“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.27 per Offer Share
“substantial shareholder(s)”	has the meaning ascribed to it/them under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Undertaking Providers”	Mr. Lo, Kinmoss, New Synergies, China Assets and Mr. Yeung
“Undertakings”	collectively, Mr. Lo Undertaking, Kinmoss Undertaking, New Synergies Undertaking, China Assets Undertaking and Mr. Yeung Undertaking
“Unsubscribed Arrangements”	arrangements to place the Unsubscribed Shares by the Placing Agent on a best effort basis to investors who (or as the case maybe, their ultimate beneficial owner(s)) are Independent Third Parties pursuant to Rule 7.26A(1)(b) of the Listing Rules
“Unsubscribed Share(s)”	the Offer Share(s) that are not subscribed by the Qualifying Shareholders, the aggregated fractional Offer Shares and the Offer Shares which would otherwise have been allotted to the Prohibited Shareholders (as the case may be)
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
First Shanghai Investments Limited
YEUNG Wai Kin
Executive Director

Hong Kong, 23 July 2021

As at the date of this announcement, the Board comprises four executive Directors, being Mr. LO Yuen Yat, Mr. XIN Shulin, Mr. YEUNG Wai Kin and Ms. LAO Yuanyuan, one non-executive Director, Mr. KWOK Lam Kwong, Larry, S.B.S., J.P. and four independent non-executive Directors, being Prof. WOO Chia-Wei, Mr. LIU Ji, Mr. YU Qihao and Mr. ZHOU Xiaohe.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.