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## **FIRST SHANGHAI INVESTMENTS LIMITED**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code : 227)

### **DISCLOSEABLE TRANSACTION**

#### **Disposal of Assets**

The Company's wholly owned subsidiary, Rich Talent International Limited, entered into a conditional agreement on 18th June, 2009 for the sale of 30% of the registered capital of each of the Factories at an aggregate consideration of RMB12 million (equivalent to approximately HK\$14 million) in cash, to Yanfeng Visteon Automotive Electronics Co., Limited (the "Agreement").

As at the date of this announcement, the Company owns 30% of the registered capital in the Factories. Immediately after completion of the Agreement, the Company will have no equity interests in the Factories.

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

#### **Agreement dated 18th June, 2009**

#### **Parties:**

Vendor: Rich Talent International Limited (the "Vendor"), a company incorporated in the British Virgin Islands and a wholly owned subsidiary of First Shanghai Investments Limited (the "Company")

Purchaser: Yanfeng Visteon Automotive Electronics Co., Limited (the "Purchaser"), a limited liability company organized and existing under the laws of the PRC

(Vendor and Purchaser together referred to as "Parties" and each as "Party")

**Assets to be disposed of:**

30% registered capital (the “Vendor’s Interest”) of each of Yanfeng Visteon Betung Automotive Instrumentation Co., Limited ( “Betung”) and Zhejiang Shaohong Instruments Co., Limited ( “Shaohong”, collectively with Betung, the “Factories”), representing the Company’s entire equity interests in the Factories.

Betung and Shaohong are sino-foreign equity joint venture companies established by the Vendor, the Purchaser and Shaoxing Instrument Factory (“SIF”) under the laws of the PRC.

Betung and Shaohong are principally engaged in manufacturing and sales of motor vehicle meters and components. For the year ended 31st December 2008, the audited net losses before taxation, the audited net losses after taxation and the audited net assets of the Factories were approximately HK\$18 million, HK\$21 million and HK\$28 million respectively. For the year ended 31st December 2007, the audited net profits before taxation, the audited net profits after taxation and the audited net assets of the Factories were approximately HK\$13 million, HK\$5 million and HK\$48 million respectively. There was no extraordinary item for these two years.

**Consideration:**

The consideration of RMB12 million (equivalent to approximately HK\$14 million) was arrived at after arm's length negotiations between the Company and the Purchaser and with reference to the net assets value as at 31st December 2008 and the expected returns of the Factories.

The directors of the Company consider that the terms of the Agreement are based on normal commercial terms, 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.

**Material terms:**

Completion of the Agreement is conditional upon:

1. the board of directors of Betung and Shaohong have approved the Agreement;
2. the approvals of the relevant government authorities of the transaction stated in the Agreement have been obtained unless waived in writing by the Purchaser;

3. all the representations and warranties given by the Vendor or the Purchaser in the Agreement, as the case may be, remain true and correct at all times as from the execution of the Agreement up to the completion date, as if they were made on and as of the completion date;
4. SIF has agreed in writing to waive any right of first refusal to purchase all or part of the Vendor's Interests in the Factories and has consented in writing to the transfer of the Vendor's Interests by the Vendor to the Purchaser; and
5. new business licenses of the Factories reflecting the transactions contemplated in the Agreement have been issued and obtained.

**If the above-mentioned conditions not within a Party's control have not been satisfied on or before 30th November, 2009, such Party may elect to terminate the Agreement and the Agreement so terminated shall become null and void and have no further force or effect.**

#### **Completion date:**

The completion will take place on a day no later than twenty (20) business days after the satisfaction of all of the conditions above-mentioned, or at such other time as may be agreed upon by the Parties.

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

The directors of the Company consider that the sale of the Vendor's Interest provides an opportunity for the Company to realize its investments with satisfactory return. Upon the completion of the Agreement, the Company will have a cash inflow of approximately HK\$14 million and is expected to record a gain on disposal of approximately HK\$4 million. It is the Company's present intention that the proceeds will be used for general working capital.

#### **Information for shareholders**

The Company and its subsidiaries, associated companies, jointly controlled entities are principally engaged in securities investment, corporate finance and stockbroking, property development, property investment and hotel, and direct investment and management.

The Purchaser is principally engaged in manufacturing and sales of autoparts.

#### **Implication on the Listing Rules**

As at the date of this announcement, the Company owns 30% of the registered capital in the Factories. Immediately after completion of the Agreement, the Company will have no equity interests in the Factories.

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 (“Listing Rules”).

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

Hong Kong, 18th June, 2009

*As at the date of this announcement, the Board comprises three executive directors, being Mr. Lao Yuan-Yi, Mr. Xin Shulin and Mr. Yeung Wai Kin, one non-executive director, 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 Qi-Hao and Mr. Zhou Xiaohe.*