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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **First Shanghai Investments Limited**, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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FIRST SHANGHAI INVESTMENTS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 227)

DISCLOSEABLE TRANSACTION

**DISPOSAL OF 37,000,000 SHARES OF HK\$0.10 EACH IN
THE ISSUED SHARE CAPITAL OF RBI HOLDINGS LIMITED***

8 July, 2005

* For identification purpose only

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms have the following meanings:

“Agreement”	a conditional agreement dated 16 June 2005 under which the Vendor agreed to sell and RBI agreed to purchase the Sale Shares
“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are generally open for business (except for Saturdays)
“Company”	First Shanghai Investments Limited, a company incorporated in Hong Kong with limited liability, and the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal by the Vendor of the Sale Shares to RBI pursuant to the Agreement
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	7 July, 2005, being the latest practicable date prior to the printing of this circular to ascertain certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“RBI”	RBI Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“RBI Share(s)”	shares of HK\$0.10 each in the issued share capital of RBI
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Sale Shares”	37,000,000 RBI Shares

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Walbeck International Limited, a company incorporated in British Virgin Islands and a wholly-owned subsidiary of the Company
“%”	per cent.



FIRST SHANGHAI INVESTMENTS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 227)

Executive Directors:

Mr. Lao Yuan Yi (*Chairman*)

Mr. Xin Shulin

Mr. Yeung Wai Kin

Mr. Hu Yi Ming

Registered address:

Room 1903, Wing On House

71 Des Voeux Road Central

Hong Kong

Non-executive Director:

Mr. Kwok Lam Kwong, Larry, J.P.

Independent non-executive Directors:

Poof. Woo Chia Wei

Mr. Liu Ji

Mr. Yu Qi Hao

8 July, 2005

To the shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

**DISPOSAL OF 37,000,000 SHARES OF HK\$0.10 EACH IN THE ISSUED
SHARE CAPITAL OF RBI HOLDINGS LIMITED***

INTRODUCTION

The Directors announced on 20 June 2005 that the Vendor, a wholly-owned subsidiary of the Company, had on 16 June 2005 entered into the Agreement with RBI under which the Vendor agreed to sell and the Purchaser agreed to purchase for the Sale Shares at a total consideration of HK\$57,720,000 in cash.

The Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to provide you with further information relating to the Disposal and with other information as required under the Listing Rules.

* *For identification purpose only*

LETTER FROM THE BOARD

THE AGREEMENT DATED 16 JUNE 2005

Parties:

Vendor: Walbeck International Limited

Purchaser: RBI

Assets to be disposed of:

37,000,000 shares of HK\$0.10 each in the capital of RBI, 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 31 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 audited consolidated net asset value of the RBI group as at 31 December 2004 was approximately HK\$595,398,000.

The total original book value of the Sale Shares to the Company was 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:

- (i) a premium of about 2.63% over the closing price of HK\$1.52 per RBI Share as quoted on the Stock Exchange on 15 June 2005, being the last trading day prior to suspension of trading of RBI Shares on 16 June 2005;
- (ii) a premium of about 2.90% over the average closing price of HK\$1.516 per RBI Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including 15 June 2005; and
- (iii) a premium of about 3.31% over the closing price of HK\$1.51 per RBI Share as quoted on the Stock Exchange on the Latest Practicable Date.

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

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

LETTER FROM THE BOARD

Payment terms:

The consideration shall be payable in cash on completion.

Conditions:

Completion of the Agreement is conditional upon:

- (a) the approval of the repurchase of the Sale Shares by RBI under the Agreement by (i) the Executive Director of the Corporate Finance Division of the Securities and Futures Commission (the “Executive”) pursuant to Rule 2 of the Code on Share Repurchases (the “Approval”); and (ii) the independent shareholders at a special general meeting of RBI to be held in accordance with the Listing Rules, 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 Executive from any obligation to make a general offer for all the issued shares 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 RBI will apply to the Executive for the Approval under Rule 2 of the Code on Share Repurchases and Extrad will apply to the Executive for the Waiver under Rule 32.1 and Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code. None of the abovementioned conditions is fulfilled up to the Latest Practicable Date.

If the abovementioned conditions are not fulfilled on or before 2 September 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 16 September 2005 after the Agreement becomes unconditional.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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

The Directors consider that the Disposal will provide 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 on the basis of the excess of the consideration over the total book value of the Sale Shares. The proceeds will be used for general working capital. The remaining 37,062,352 RBI Shares will be held by the Company as long-term investment.

LETTER FROM THE BOARD

FINANCIAL EFFECTS ON THE GROUP

Taking into account of the proceeds from the Disposal of approximately HK\$57.7 million and the total original book value of the Sale Share of HK\$55.1 million, the Group will record a gain of approximately HK\$2.6 million. The Board expects that an unaudited estimated gain of approximately HK\$2.6 million will accrue to the consolidated profit and loss account of the Company as a result of the Disposal.

IMPLICATIONS ON THE LISTING RULES

As at the Latest Practicable Date, 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 RBI Shares, representing about 11.08% of the then total issued share capital of RBI.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, RBI is a third party independent of the Company and connected persons of the Company save for the Company's wholly owned subsidiary, the Vendor is the substantial shareholder of RBI and two of the Directors are non-executive directors of RBI. As at the Latest Practicable Date, no connected person of the Company has interest in RBI.

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

GENERAL

Your attention is drawn to the general information set out in the appendix to this circular.

By order of the Board
Lao Yuan Yi
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DIRECTORS' INTEREST

As at the Latest Practicable Date, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in the Listing Rules, were as follows:

(a) Long position in the ordinary shares of HK\$0.2 each in the Company ("Shares")

Name of Directors	Number of Shares			Total	Approximate percentage of the Company's issued share capital
	Directly beneficially owned	Through controlled corporation	Family interest		
Lao Yuan Yi	44,532,000	72,952,000	–	117,484,000	10.01% (Note 1)
Woo Chai Wei	–	–	72,000	72,000	0.006%

Note 1: 72,952,000 Shares are held by Kinmoss Enterprises Limited, the issued share capital of which is wholly beneficially owned by Mr. Lao Yuan Yi

(b) Long position in the rights to acquire Shares

Name of Directors	Number of share options held	Exercise price per share option (HK\$)	Date of grant	Exercise period
Lao Yuan Yi	7,338,100	0.342	26/09/1995	26/03/1996 – 07/10/2005
	5,503,900	0.318	11/07/1996	11/01/1997 – 15/07/2006
	10,000,000	0.816	01/11/1997	01/05/1998 – 12/11/2007
Xin Shulin	838,640	0.318	11/07/1996	11/01/1997 – 15/07/2006
	2,500,000	0.816	01/11/1997	01/05/1998 – 12/11/2007
	4,464,000	0.283	08/07/1998	08/01/1999 – 15/07/2008
Yeung Wai Kin	1,494,304	0.318	11/07/1996	11/01/1997 – 15/07/2006
	2,500,000	0.816	01/11/1997	01/05/1998 – 12/11/2007
	6,980,000	0.283	08/07/1998	08/01/1999 – 15/07/2008
Hu Yi Ming	1,000,000	0.816	01/11/1997	01/05/1998 – 12/11/2007
	2,300,000	0.283	08/07/1998	08/01/1999 – 15/07/2008
	<u>44,918,944</u>			

(c) Long position in the rights to acquire shares in an associated corporation, China Assets (Holdings) Limited

Name of Directors	Number of share options held	Exercise price per share option (HK\$)	Date of grant	Exercise period
Lao Yuan Yi	725,000	2.65	21/05/2004	25/05/2004 – 23/05/2014
Yeung Wai Kin	700,000	2.65	21/05/2004	25/05/2004 – 23/05/2014

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

3. SUBSTANTIAL SHAREHOLDERS' INTEREST

As at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, the following persons or corporations (not being Directors or chief executive of the Company), had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital, were as follows:

Name of shareholders	Number of Shares held	Approximate percentage of the Company's issued share capital
Lao Yuan Yi	117,484,000 (<i>Note a</i>)	10.01%
China Assets (Holdings) Limited	248,249,300 (<i>Note b</i>)	21.15%

Notes:

- (a) The interests of Mr. Lao Yuan Yi include the 72,952,000 Shares held by Kinmoss Enterprises Limited, and the personal and corporate interests of Mr. Lao Yuan Yi as disclosed under the paragraph headed "Directors' Interests" above.
- (b) China Assets (Holdings) Limited is a Hong Kong listed company, which is also an associated company of the Group

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other person who, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or had any options in respect of such capital.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or was proposing to enter, into a service contract with any member of the Group which does not expire or is not determinable by the relevant member of the Group within one year without compensation (other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or their respective associates have any interest in any business which competes or is likely to compete with the business of the Group.

6. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, no member of the Group is engaged in any litigation or arbitration proceedings of material importance and there is no litigation or claims of material importance known to the Directors to be pending or threatened by or against the Company or any member of the Group.

7. GENERAL

- (a) The company secretary and the qualified accountant of the Company is Mr. Yeung Wai Kin. Mr. Yeung possesses professional membership of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong.
- (b) The registered office and the head office and principal place of business of the Company is situated at 1903, Wing On House, 71 Des Voeux Road Central, Hong Kong.
- (c) The share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited, which is situated at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in case of inconsistency.