



FIRST SHANGHAI INVESTMENTS LIMITED

(Incorporated in Hong Kong with limited liability)

1999 FINAL RESULTS ANNOUNCEMENT

The Board of Directors announces the audited consolidated results of the Group for the year ended 31st December 1999 as set out below:

GROUP RESULTS

(for the year ended 31st December 1999)

Note	1999 HK\$	1998 HK\$
Turnover	719,454,505	914,008,502
Operating profit/(loss)	53,274,304	(121,988,529)
Share of profits less losses of		
Associated companies	18,111,237	(460,402)
Jointly controlled entities	11,487,201	(1,952,349)
Profit/(loss) before taxation	82,872,742	(124,401,280)
Taxation		
Hong Kong	143,513	(388,316)
Outside Hong Kong	5,338,736	4,140,252
Share of taxation attributable to associated companies	4,038,478	4,259,720
Share of taxation attributable to jointly controlled entities	2,400,602	313,724
	11,921,329	8,325,380
Profit/(loss) after taxation	70,951,413	(132,726,660)
Minority interests	(16,629,988)	(10,302,662)
Profit/(loss) attributable to shareholders	54,321,425	(143,029,322)
Retained profits brought forward	10,106,508	153,135,830
Retained profits carried forward	64,427,933	10,106,508
Basic earnings/(loss) per ordinary share	5.10 cents	(13.92 cents)
Diluted earnings per ordinary share	5.08 cents	N/A

NOTES:

1. Operating profit/(loss)

Operating profit/(loss) is stated after crediting and charging the following:

	1999 HK\$	1998 HK\$
Crediting:—		
Provision for doubtful debts written back	6,215,250	—
Charging:—		
Provision for permanent diminution in value of long-term listed and unlisted investments	(3,588,563)	(76,437,313)
Provision for minority interests	—	(9,037,738)
Provision for deposit paid on purchase of a property	—	(22,341,000)
Provision for a loan receivable	—	(21,762,000)

2. The provision for Hong Kong taxation of the Group has been calculated by applying the current rate of Hong Kong profits tax of 16% on the estimated assessable profits for the year (1998: 16%) less the amount of taxation overprovided in previous years. Provision for income tax outside Hong Kong has been calculated according to the tax rate applicable in the relevant jurisdiction.

3. The calculation of basic and diluted earnings/(loss) per ordinary share is based on the profit attributable to shareholders of HK\$54,321,425 (1998: loss of HK\$143,029,322). The basic earnings per share is based on the weighted average of 1,064,442,622 (1998: 1,027,738,205) ordinary shares in issue during the year. The diluted earnings per share is based on 1,068,877,579 ordinary shares which is the weighted average number of ordinary shares in issue during the year plus the weighted average of 4,434,957 ordinary shares deemed to be issued at no consideration if all outstanding options had been exercised. For the year ended 31st December 1998, since the exercise prices of the Company's outstanding share options and warrants are much higher than the fair value per share of the Company during 1998, diluted loss per share is not shown as potential ordinary shares would have no dilutive effect.

OPERATION REVIEW

The Group's attributable profit was HK\$54 million as compared to a loss of HK\$143 million in 1998. The difference is mainly due to the improvement in performance in most of the investee companies and the substantial provisions made in 1998 for the diminution in value of some investment projects of the Group. The consolidated net assets value as at 31st December, 1999 was HK\$935 million, an increase of HK\$97 million from 1998. The placement of 80 million new shares in July 1999 accounted for most of the increase. The exclusion of the turnover of Goodbaby Child Products Co. Ltd. ('Goodbaby'), which was accounted for in the last quarter of 1999 as a jointly controlled entity, explained the decrease in turnover to HK\$719 million in 1999.

Financial Services

Hong Kong's economy is on its way to recovery. In 1999, GDP recorded a 2.9% growth over 1998 and the Hang Seng Index shot past the peak level of 1997. Performance of the Financial Services Division in 1999 was encouraging. During the year the Division remained an active player in the corporate finance field. Having introduced the stockbroking business in September 1999, the Division can offer a complete financial service to clients.

Financial Information Services

The Group entered into an agreement to acquire a 42% equity interest in Shenzhen Genius Information Technology Co Ltd ('Genius') in 1999. Genius is the market leader in providing securities financial information in China. A stable growth in revenue was recorded during the year under review.

Child Products

Goodbaby had a record year as a result of improvement in production efficiency and increase in export sales. Its production capacity had been further expanded in order to meet the increasing overseas orders.

RBI Holdings Ltd recorded an increase in profit in 1999 due to the fact that no further provision for diminution in value of property was required.

Container Transportation

Shanghai Zhong Chuang International Container Storage & Transportation Co Ltd ('ZCIC') returned to profitability in 1999. Steps had been taken to improve its operating efficiency and service quality.

Autoparts

Keen competition and bad debt problems had affected the performance of Zhejiang Shaoxing Betung Instrument Co Ltd. Yet being a market leader in the industry it could still manage to maintain a profit level similar to that of 1998.

Others

China Assets (Holdings) Ltd recorded a loss of approximately US\$1.4 million in 1999 as a result of provisions made for the investments in the toll road projects.

FUTURE PROSPECTS

To stay in the forefront of the industry, the Financial Services Division has stepped up its efforts in the development of e-finance business including the provision of Internet stockbroking and e-merchant banking services. Being a qualified sponsor for the IPO both on the Main Board and the Growth Enterprise Market, it is well positioned to serve companies from small to medium size. The Internet stockbroking service will be launched in May 2000 in conjunction with a leading European securities dealing platform provider.

In order to further enlarge its market share, Genius will continue to expand its sales network especially in the eastern part of China. Starting from June 2000, it will provide multi-media financial information to customers through cable TV network in some major cities in China.

As announced on 10th March, 2000, the Group has invited two investors namely, The China Retail Fund, LDC (a direct investment fund advised by AIG Investment Corporation) and SB China Holdings Pte Ltd (a subsidiary of Softbank Corporation), to invest US\$20 million in total in Goodbaby. With the support of these investors, Goodbaby can further enlarge its sales network and develop internet/e-commerce operations.

ZCIC, being the largest container transportation and freight forwarding company in Shanghai, is well positioned to benefit from the rapid growth in container transportation turnover in the region. With the existing operation support and taking advantage of the existing transportation network and storage facilities, the Group can provide quality after sale services to future e-commerce activities.

The Group's existing core business including child products and container transportation will provide a solid logistic foundation for the development of e-commerce. In the coming year, the Group will further its efforts in increasing the competitiveness of the existing business by introducing more IT related technology. With a buoyant stock market and a growing economy spearheaded by the development of high-tech industries, we are more optimistic than ever in the business outlook of the Group.

YEAR 2000 COMPLIANCE

The Group has successfully made a smooth transition to the Year 2000. All business information systems and related computing equipment are Year 2000 compliant. However, we will continue to stay alert and be prepared for the other critical time in respect of this issue. The total costs incurred in the Group's projects of rectification were not material, and therefore had no significant impact on the Group's financial position, operating results or cash flow.

DIVIDEND

The Board does not recommend the payment of a final dividend (1998: Nil).

DEALINGS IN THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its securities listed on the Stock Exchange during the year ended 31st December 1999.

COMPLIANCE WITH THE CODE OF BEST PRACTICE OF THE LISTING RULES

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange throughout the year.

By Order of the Board

Lao Yuan-Yi

Chairman and Managing Director

Hong Kong, 25th April 2000

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 19th Floor, Wing On House, 71 Des Voeux Road, Central, Hong Kong on Wednesday, 31st May 2000 at 3:00 p.m. for the following purposes:

- To receive and consider the audited financial statements and the Reports of the Directors and Auditors for the year ended 31st December 1999.
- To re-elect those Directors retiring in accordance with the Articles of Association and fix their remuneration.
- To re-appoint the Auditors of the Company and to authorise the Directors to fix their remuneration.
- To consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

"THAT

- the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to purchase its shares subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;
 - the total nominal amount of the shares to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the total nominal amount of the share capital of the Company in issue as at the date of this Resolution, and the said approval shall be limited accordingly; and
 - for the purpose of this Resolution, "Relevant Period" means the period from the passing of this Resolution until the earlier of:
 - the conclusion of the next annual general meeting;
 - the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meetings; and
 - the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws to be held."
- To consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

"THAT

- the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to issue, allot and deal with additional shares in the share capital of the Company and to make or grant offers, agreements and options which may require the exercise of such power, be and is hereby generally and unconditionally approved;
- the approval in paragraph (a) shall authorise the directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;

- otherwise than pursuant to a rights issue where shares are offered to shareholders on a fixed record date in proportion to their then holdings of shares (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong) or the exercise of subscription rights under the share option scheme of the Company, the total nominal amount of share capital issued, allotted, disposed of or agreed conditionally or unconditionally to be issued, allotted or disposed of (whether pursuant to an option or otherwise) shall not in total exceed 20% of the total nominal amount of the share capital of the Company in issue as at the date of this Resolution and the said approval shall be limited accordingly; and
 - for the purpose of this Resolution, "Relevant Period" shall have the same meaning as in resolution no. 4(c)."
- To consider and, if thought fit, pass with or without amendments the following resolution as an Ordinary Resolution:

"THAT conditional upon resolution no. 4 above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are purchased by the Company under the authority granted to the directors as mentioned in resolution no. 4 above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to resolution no. 5 above."

- To transact any other ordinary business of the Company.

By Order of the Board

LAO Yuan Yi

Chairman and Managing Director

Hong Kong, 25th April 2000

Registered Office:

Room 1903
Wing On House
71 Des Voeux Road
Central
Hong Kong

Notes:

- Every member entitled to attend and vote at the above Meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
- To be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited at the registered office of the Company not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.