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FIRST SHANGHAI INVESTMENTS LIMITED

第一上海投資有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 227)

DISCLOSEABLE TRANSACTION

FORMATION OF A JOINT VENTURE COMPANY SECOND SUPPLEMENTAL AGREEMENT

Reference is made to the announcement (the “**Announcement**”) of First Shanghai Investments Limited (the “**Company**”) dated 29 December 2016 in respect of the formation of a joint venture company. Unless defined otherwise, terms used in this announcement shall have the same meaning as those defined therein.

SECOND SUPPLEMENTAL AGREEMENT

On 9 May 2017, the JV Equity-holders entered into a second supplemental agreement to the JV Agreement (the “**Second Supplemental Agreement**”) pursuant to which each of the JV Equity-holder agrees to amend terms of the JV Agreement as summarised below:

1. Amendments to parties involved:

- Each of the JV Equity-holder agreed Zhuhai ZhengBang Logistics to withdraw from the JV Agreement and transfer its entire interests in the JV Agreement along with the rights and obligations as the JV Equity-holder to China Kweichow Moutai.
- Qian Hai Xin Huakang Financial Holding (Shenzhen) Company Limited (“**Qian Hai Xin Huakang**”) is a company incorporated in the PRC, with the same beneficial owners of Huakang Insurance, replaces Huakang Insurance as one of the JV Equity-holder of the JV Agreement and take up all of the rights and obligations of Huakang Insurance as stipulated in the JV Agreement.

- First Shanghai Financial Investments Limited (“**FS Financial Investments**”) is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company replaces FS Financial Holding as one of the JV Equity-holder of the JV Agreement and take up all of the rights and obligations of FS Financial Holding as stipulated in the JV Agreement.

2. Amendments to Capital Contribution:

- After the amendment, the registered capital of the JV Company is expected to remain unchanged amounting to RMB2 billion (equivalent to approximately HK\$2,232,566,000), which will be contributed by JV Equity-holders in cash as follows:

	<u>Amount of the Capital Contribution</u> (RMB)	<u>Percentage of equity interest in the JV Company</u> (%)
China Kweichow Moutai	920,000,000	46.0
Qian Hai Xin Huakang	400,000,000	20.0
Black Marble Securities	380,000,000	19.0
FS Financial Investments	150,000,000	7.5
Shijiazhuang Changshan Textile	150,000,000	7.5
Total	<u>2,000,000,000</u>	<u>100.0</u>

- Refundable deposit will be reduced from 5% to 2% of their respective Capital Contribution in respect of the registered capital. The settlement term is amended from “within 10 business days” to “within 2 months” after a payment notice is issued by the Preparatory Group.
- The second instalment of the Capital Contribution is amended from “the remaining 95% of the registered capital” to “the remaining 98% of the registered capital”. The settlement term is amended from “within 20 business days” to “within 30 business days” after a payment notice is issued by the Preparatory Group.

3. Amendment to the Preparatory Group:

- Except for China Kweichow Moutai and Qian Hai Xin Huakang, each of the remaining JV Equity-holders can appoint one representative to the Preparatory Group.

4. Board composition of the JV Company:

- The board of directors of the JV Company will remain consist of nine members. Zhuhai ZhengBang Logistics’s nomination right of one director will be taken up by China Kweichow Moutai.

5. Newly added terms for pre-operating expenses:

- Pre-operating expenses of a total of RMB6,000,000 per year has to be contributed by each of the JV Equity-holder in proportion to their respective contribution to the registered capital within 2 months after a payment notice is issued by the Preparatory Group. The pre-operating expenses is used for the daily operation of the Preparatory Group.

REASONS FOR ENTERING INTO THE SECOND SUPPLEMENTAL AGREEMENT

Due to the withdrawal of Zhuhai ZhengBang Logistics from the JV Agreement, JV Equity-holders have to enter into the Second Supplemental Agreement to amend the shareholding structure and board composition of the JV Company.

Save as disclosed above, all other major terms and conditions under the JV Agreement remain unchanged and in full force and effect. Having considered all the relevant factors, the Directors (including the independent non-executive Directors) consider that the Second Supplemental Agreement was entered into on normal commercial terms following arm's length negotiation between the Company and the JV Equity-holders, and the terms of the Second Supplemental Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The entering into of the Second Supplemental Agreement will not change the Capital Contribution and the proportion of equity interest in the JV Company of the Company. As disclosed in the Announcement, as the applicable percentage ratios for the transaction contemplated under the JV Agreement exceed 5% but are less than 25%, the transaction under the JV Agreement constitutes a discloseable transaction under Chapter 14 of the Listing Rules and is therefore is subject to the announcement requirements as set out in the Listing Rules.

As the JV Agreement, the Supplementary Agreement, the Second Supplemental Agreement and the transactions contemplated thereunder is subject to the approval by the CSRC and other relevant regulatory authorities in the PRC, the transactions may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

By order of the Board
First Shanghai Investments Limited
Lo Yuen Yat
Chairman

Hong Kong, 9 May 2017

As at the date of this announcement, the Board comprises three executive directors, being Mr. LO Yuen Yat, 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 Qihao and Mr. ZHOU Xiaohe.