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**CHINA ASSETS (HOLDINGS)
LIMITED**
(中國資本(控股)有限公司)
*(Incorporated in Hong Kong with limited
liability)*

**FIRST SHANGHAI INVESTMENTS
LIMITED**
(第一上海投資有限公司)
*(Incorporated in Hong Kong with limited
liability)*
(Stock Code: 0227)

JOINT ANNOUNCEMENT

**(1) RESULTS OF THE PLACING AND THE UNDERWRITING
OF THE UNSUBSCRIBED SHARES AND
THE COMPLETION OF THE OPEN OFFER
ON THE BASIS OF TWO (2) OPEN OFFER SHARES
FOR EVERY FIVE (5) SHARES HELD ON THE RECORD DATE
UNDERWRITTEN BY CHINA ASSETS (HOLDINGS) LIMITED
AND**

**(2) MANDATORY UNCONDITIONAL CASH OFFER BY
FIRST SHANGHAI SECURITIES LIMITED FOR AND
ON BEHALF OF CHINA ASSETS (HOLDINGS) LIMITED
TO ACQUIRE ALL THE SHARES IN
FIRST SHANGHAI INVESTMENTS LIMITED
(OTHER THAN THOSE ALREADY OWNED
OR AGREED TO BE ACQUIRED BY
CHINA ASSETS (HOLDINGS) LIMITED AND
PARTIES ACTING IN CONCERT WITH IT)**

Placing Agent



First Shanghai Securities Limited

Reference is made to (i) the joint announcement issued by First Shanghai Investments Limited (the “Company”) and China Assets (Holdings) Limited (“China Assets”) dated 3 August 2023 (the “Initial Announcement”) in relation to, among other matters, the Open Offer and the General Offer; (ii) the

prospectus of the Company dated 25 October 2023 (the “**Prospectus**”); and (iii) the announcement of the Company dated 13 November 2023 (the “**Subscription Results Announcement**”). As at the Record Date, the total number of issued Shares of the Company was 1,564,771,361, and the number of Shares to be issued pursuant to the Open Offer was 625,908,544. Unless otherwise defined, capitalised terms used herein have the same meanings as defined in the Prospectus.

COMPLETION OF THE OPEN OFFER

The Board is pleased to announce that completion of the Open Offer took place on 16 November 2023.

RESULTS OF THE OPEN OFFER

With reference to the Subscription Results Announcement, as at 4:00 p.m. on Wednesday, 8 November 2023, being the latest time for application and payment for the Open Offer Shares, a total of 14 valid applications Application Forms in respect of a total of 247,637,119 Open Offer Shares had been received, representing approximately 39.6% of the total number of Open Offer Shares available for subscription by the Qualifying Shareholders under the Open Offer. Based on the application results, the Open Offer was under-subscribed by 378,271,425 Open Offer Shares, representing approximately 60.4% of the number of the Open Offer Shares available for subscription by the Qualifying Shareholders under the Open Offer.

FULL COMPLIANCE WITH AND PERFORMANCE OF ALL UNDERTAKINGS BY THE UNDERTAKING PROVIDERS

The Undertaking Providers (i.e. Mr. Lo, Kinmoss, New Synergies, China Assets and Mr. Yeung) complied with their respective Irrevocable Undertakings to apply for the Open Offer Shares.

PLACING OF THE UNSUBSCRIBED SHARES

As disclosed in the Subscription Results Announcement, there were 378,271,425 Unsubscribed Shares, representing approximately 60.4% of the total number of the Open Offer Shares available for subscription under the Open Offer, which were subject to the Placing by the Placing Agent.

The Board regrets to announce that, as reported by the Placing Agent, in view of the prevailing unfavourable market sentiment and the fact that the recent market trading price of the Shares has been below or around the Subscription Price, none of the Unsubscribed Shares could be placed to independent placees at the Placing Price of HK\$0.11 per Placing Share. Accordingly, no Net Gain is available for distribution to the No Action Shareholders and the Non-Qualifying Shareholders under the Compensatory Arrangements.

UNDERWRITING OF THE UNDERWRITTEN SHARES

As all the conditions set out in the Underwriting Agreement have been fulfilled and the Underwriting Agreement was not terminated by the Underwriter on or before 4:00 p.m. on Thursday, 16 November 2023, the Underwriting Agreement became unconditional at 4:00 p.m. on Thursday, 16 November 2023.

The Underwriter (being China Assets) is taking up the 378,271,425 Underwritten Shares (representing approximately 17.27% of the enlarged issued Shares of the Company and being the number of Unsubscribed Shares not placed out by the Placing Agent) pursuant to the Underwriting Agreement. The price paid by the Underwriter (being China Assets) for the 378,271,425 Underwritten Shares is approximately HK\$41.6 million.

SHAREHOLDING STRUCTURE OF THE COMPANY AS AT THE LATEST PRACTICABLE DATE AND IMMEDIATELY AFTER THE COMPLETION OF THE OPEN OFFER, THE COMPENSATORY ARRANGEMENTS AND THE PLACING AGREEMENT AND THE UNDERWRITING AGREEMENT

The shareholding structure of the Company as at the Latest Practicable Date and immediately after the completion of the Open Offer, the Compensatory Arrangements and the Placing Agreement and the Underwriting Agreement is set out below:

Beneficial Shareholder	(i) At the Latest Practicable Date		(ii) Immediately after completion of the Open Offer, the Compensatory Arrangements and the Placing Agreement and the Underwriting Agreement	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Mr. Lo	115,217,218	7.36	161,304,105	7.36
Kinmoss ⁽¹⁾	85,138,236	5.44	119,193,530	5.44
New Synergies ⁽²⁾	252,082	0.02	352,914	0.02
China Assets ⁽³⁾	328,029,445	20.96	837,512,648	38.22
Mr. Yeung ⁽⁴⁾	15,541,924	1.00	21,758,693	1.00
The Lo Parties including China Assets and parties acting in concert with them	544,178,905	34.78	1,140,121,890	52.04
Mr. Zhou Xiaohe ⁽⁵⁾	160,000	0.01	160,000	0.01
Public Shareholders	1,020,432,456	65.21	1,050,398,015	47.95
	<u>1,564,771,361</u>	<u>100.00</u>	<u>2,190,679,905</u>	<u>100.00</u>

Note:

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 119,193,530 Shares owned by Kinmoss immediately after completion of the Open Offer, the Compensatory Arrangements and the Placing Agreement and the Underwriting Agreement.

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 352,914 Shares owned by New Synergies and the 837,512,648 Shares owned by China Assets immediately after completion of the Open Offer, the Compensatory Arrangements and the Placing Agreement and the Underwriting Agreement.
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 837,512,648 Shares owned by China Assets immediately after completion of the Open Offer, the Compensatory Arrangements and the Placing Agreement and the Underwriting Agreement.
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.
5. Mr. Zhou is an independent non-executive Director.
6. As at the date of this joint 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.

MANDATORY UNCONDITIONAL CASH OFFER

With reference to the above shareholding table, upon completion of the Open Offer, the Compensatory Arrangements and the Placing Agreement and the Underwriting Agreement, China Assets and its ultimate beneficial owners, together with parties acting in concert with any of them acquired an aggregate of 595,942,985 Shares (including 217,671,560 Open Offer Shares subscribed by them and 378,271,425 Underwritten Shares taken up by China Assets) at the price of HK\$0.11 per Share (i.e. an aggregate amount of approximately HK\$65.6 million), as a result of which the shareholding in the Company of China Assets and its ultimate beneficial owners, together with parties acting in concert with any of them, increased from approximately 34.78% by more than 2%, to approximately 52.04%. Accordingly, pursuant to Rule 26.1 of the Takeovers Code, China Assets is obliged to make an unconditional offer in cash for the General Offer Shares. The General Offer will be unconditional in all respects. First Shanghai Securities will make the General Offer on behalf of China Assets at the price of HK\$0.11 for each General Offer Share.

China Assets confirms that, as at the date of this joint announcement:

- (i) save for the 1,140,121,890 Shares (representing approximately 52.04% of the existing issued share capital of the Company) currently owned by China Assets and its ultimate beneficial owners, together with parties acting in concert with any of them, neither China Assets, nor any person acting in concert with China Assets owns or has control or direction over any voting rights or rights over the Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities in the Company, or holds any relevant securities in the Company;

- (ii) neither China Assets nor any person acting in concert with it has received any irrevocable commitment to accept the General Offer;
- (iii) there is no outstanding derivative in respect of Shares entered into by China Assets or any person acting in concert with it;
- (iv) there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of China Assets or the Shares and which might be material to the General Offer;
- (v) none of China Assets or parties acting in concert with it has any agreements or arrangements to which it is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the General Offer; and
- (vi) neither China Assets nor any person acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

USE OF PROCEEDS

625,908,544 Open Offer Shares have been issued and allotted to Qualifying Shareholders (including the Underwriter) under the Open Offer. The net proceeds of the Open Offer amounted to approximately HK\$64.7 million and will be utilised for (a) repayment of a loan by China Assets of approximately HK\$32.7 million, and (b) financing the further development of the financial services business.

DESPATCH OF SHARE CERTIFICATES FOR THE OPEN OFFER SHARES

Share certificates in respect of valid application in the Open Offer Shares on Application Forms are expected to be despatched to those entitled thereto by ordinary post to their respective registered addresses at their own risk on Friday, 17 November 2023.

COMMENCEMENT OF DEALINGS OF THE OPEN OFFER SHARES

Dealings in the Open Offer Shares are expected to commence on the Stock Exchange at 9:00 a.m. on Monday, 20 November 2023.

DESPATCH OF THE COMPOSITE DOCUMENT

With reference to the joint announcements of the Company and China Assets dated 22 September 2023 and 20 October 2023, the despatch of the Composite Document is expected to be on or before 23 November 2023.

WARNING OF THE RISKS OF DEALING IN SHARES

Shareholders and potential investors should note that the General Offer Independent Board Committee has yet to consider and evaluate the General Offer. Insofar as the Company and the General Offer are concerned, this joint announcement is made in compliance with the Takeovers Code for the sole purpose of informing the Shareholders of the status of the General Offer. The Directors express no opinion as to the fairness or reasonableness of the General Offer and make no recommendation as to the acceptance of the General Offer and strongly recommend the Shareholders not to form a view on the General Offer unless and until they have received and read the Composite Document, including the recommendations of the General Offer Independent Board Committee in respect of the General Offer and a letter of advice from the Independent Financial Adviser.

Shareholders and potential investors in the Company are advised to exercise caution when dealing in the Shares. If they are in any doubt about their position, they should consult their own professional advisers.

By order of the Board
China Assets (Holdings) Limited
LAU On Kwok
Director

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

Hong Kong, 16 November 2023

As at the date of this joint 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 five independent non-executive Directors, being Prof. WOO Chia-Wei, Mr. LIU Ji, Mr. YU Qihao, Mr. ZHOU Xiaohe and Mr. LI Zhiyun.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to China Assets and parties acting in concert with it) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of China Assets) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

At the date of this joint announcement, Mr. Lo Yuen Yat and Mr. Lau On Kwok are the directors of China Assets.

The directors of China Assets accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.