

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

# CSI

**Capital Strategic Investment Limited**

**Capital Strategic Investment Limited**

*(Incorporated in Bermuda with limited liability)*

## CHANGE OF SUBSTANTIAL SHAREHOLDER

The Board announces that it has been informed by the Vendor that on 4 February 2004, the Vendor has sold its entire shareholding interests in the Company, amounting to 450,349,000 Shares and representing about 29.36% of the entire issued share capital of the Company, to the Purchaser, the shares of which are owned by the Trust founded by the Founder for the benefit of the Discretionary Beneficiaries.

**The Stock Exchange has stated that, if the Company remains a listed company on the Stock Exchange, any further acquisitions or disposals of assets by the Company and its subsidiaries will be subject to the provisions of the Listing Rules. Pursuant to the Listing Rules, the Stock Exchange has the discretion to require the Company to issue a circular to its shareholders irrespective of the size of the proposed transactions, particularly when such proposed transactions represent a departure from the principal activities of the Company. The Stock Exchange also has the power to aggregate a series of transactions and any such transaction may result in the Company being treated as a new applicant for listing and subject to the requirements for new application as set out in the Listing Rules.**

### Disposal of Sale Shares by the Vendor

The Board announces that it has been informed by the Vendor that on 4 February 2004, the Vendor has sold its entire shareholding interest in the Company, being the Sale Shares and representing about 29.36% of the issued share capital of the Company to the Purchaser.

### Consideration

The consideration for the Sale Shares is HK\$73,000,000 which represents an effective price per Share of about HK\$0.162, representing (i) the closing price of HK\$0.162 per Share as quoted on the Stock Exchange on 4 February 2004, being the last trading day of the Shares prior to the publication of this announcement; and (ii) a premium of approximately 1.25% over the average closing price of HK\$0.16 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including 4 February 2004, being the last trading day of the Shares before publication of this announcement.

## **Shareholding structure of the Company**

Following the acquisition of the Sale Shares by the Purchaser, the Purchaser (together with its associates (as defined in the Listing Rules)) is the only substantial shareholder (as defined in the Listing Rules) of the Company as at the date of this announcement. Prior to the acquisition of the Sale Shares by the Purchaser, the Founder held 1,680,000 Shares, representing approximately 0.11% of the issued capital of the Company. Accordingly, following the acquisition of the Sale Shares by the Purchaser, the Founder and the Purchaser together with parties acting in concert with them are interested in approximately 29.47% of the issued share capital of the Company, the remaining shareholding interests of about 70.53% of the issued share capital of the Company are held in the hands of public, and the Vendor and parties acting in concert with it (as defined in the Code) ceases to hold any shareholding interest in the Company.

## **Information about the Purchaser**

The Purchaser is a company incorporated in the British Virgin Islands and is wholly and beneficially owned by the Trustee in its capacity as the sole trustee and for the benefit of the Trust. The Trustee, also a company incorporated in the British Virgin Islands, is wholly and beneficially owned by the Founder. The Founder, his spouse and children, are the current discretionary beneficiaries of the Trust. Each of the Purchaser, the Trustee, the Founder and the remaining Discretionary Beneficiaries is an Independent Third Party.

## **Information about the Founder**

Mr. Chung Cho Yee Mico, aged 43, graduated from the University of London, England, with a law degree in 1983. He qualified as a solicitor in Hong Kong in 1986. Mr. Chung has worked for Standard Chartered Asia Limited in 1988 and became a director and general manager of Bond Corporation International Limited in 1990, after which he joined China Strategic Holdings Limited in 1992. In March 1999, he joined the PCCW group and is currently an executive director of PCCW Limited.

## **Future intentions of the Purchaser regarding the Company**

The Purchaser has indicated to the Company that it has no intention to inject or dispose of any asset or business to or of the Company. Besides, it is the intention of the Purchaser to maintain listing of the Shares on the Stock Exchange. Further announcement will be made by the Company in compliance with the Listing Rules in the event of any change to the nature of the principal business of the Group or any injection or disposal of asset or business to or of the Company.

The Board was informed by the Purchaser that it is intended that (a) the Group will continue its existing businesses in the future and (b) there will not be any change to the composition of the Board or the management of the Company.

**The Stock Exchange has stated that, if the Company remains a listed company on the Stock Exchange, any further acquisitions or disposals of assets by the Company and its subsidiaries will be subject to the provisions of the Listing Rules. Pursuant to the Listing Rules, the Stock Exchange has the discretion to require the Company to issue a circular to its shareholders irrespective of the size of the proposed transactions, particularly when such proposed transactions represent a departure from the principal activities of the Company. The Stock Exchange also has the power to aggregate a series of transactions and any such transaction may result in the Company being treated as a new applicant for listing and subject to the requirements for new application as set out in the Listing Rules.**

## Definitions

“Board”	the board of Directors;
“Code”	the Hong Kong Code on Takeovers and Mergers;
“Company”	Capital Strategic Investment Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“Discretionary Beneficiaries”	the discretionary beneficiaries of the Trust, currently comprising the Founder and his spouse and children;
“Founder”	Mr. Chung Cho Yee Mico, being the founder and settlor of the Trust;
“Group”	the Company and its subsidiaries;
“Independent Third Party”	an independent third party not a connected person of and not connected or acting in concert with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates (as defined in the Listing Rules);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr Choo”	Mr Choo Yeow Ming, an executive Chairman of the Company;
“Purchaser”	Earnest Equity Limited, a company incorporated in the British Virgin Islands;
“Sale Shares”	450,349,000 Shares, representing approximately 29.36% of the issued share capital of the Company as at the date of this announcement, to be sold and purchased pursuant to the Agreement;
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Trust”	the discretionary trust founded and established by the Founder, the trust assets of which include shares in the Purchaser;
“Trustee”	Digisino Assets Limited, a company incorporated in the British Virgin Islands, wholly and beneficially owned by the Founder; and

“Vendor”

Air Zone Group Limited, a company incorporated in the British Virgin Islands and controlled by Mr Choo, and the entire share capital of which is wholly and beneficially owned by Cyber One Group Limited, also a company incorporated in the British Virgin Islands, controlled by Mr Choo, and the entire issued share capital of which is held under a discretionary trust founded by Mr Choo, certain corporate beneficiaries of which are wholly owned by Mr Choo.

By Order of the Board  
**Capital Strategic Investment Limited**  
**Choo Yeow Ming**  
*Executive Chairman*

Hong Kong, 4 February 2004

Please also refer to the published version of this announcement in The Standard.