



Poly Investments Holdings Limited

保興投資控股有限公司

(Incorporated in Hong Kong with limited liability)

ANNOUNCEMENT

The Agreement has been entered into on 13th January, 2003 pursuant to which the Company agreed to sell to the Purchaser the Sale Shares and the Sale Loan at an aggregate consideration of HK\$50,000,000 (subject to adjustments), to be satisfied in 3 instalments by cash on or before Completion.

The consideration for the Agreement is less than 15% of the consolidated net tangible assets of the Company and it does not constitute a notifiable transaction under the Listing Rules. This announcement is made pursuant to the requirements of paragraph 2(1) of the Listing Agreement.

Trading in shares of the Company was suspended at the request of the Company with effect from 9:30 a.m. on 14th January, 2003. The Company has applied for resumption of trading in shares of the Company with effect from 9:30 a.m. on 16th January, 2003.

THE AGREEMENT DATED 13TH JANUARY, 2003

Parties:

Purchaser: Gold Fancy Enterprise Limited. Gold Fancy Enterprise Limited and its beneficial owner(s) are independent third parties not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective Associates and does not hold any shares in the Company as at the date of the Agreement

Vendor: The Company

Assets to be disposed of:

The Sale Shares and the Sale Loan. As at the date of this announcement, the principal amount of the Sale Loan is HK\$74,621,458. The Sale Shares represent the entire issued share capital of Grandace Investments. Further details of Grandace Investments are set out in the section headed "Information on Grandace Investments" below.

Consideration:

HK\$50,000,000 (subject to adjustments), payable in the following manner unless otherwise agreed by the parties:

1. a sum of HK\$10,000,000 in cash (the "First Payment") has been paid upon the signing of the Agreement;
2. a further sum of HK\$10,000,000 in cash (the "Second Payment") is payable on the date which is 6 months from the date of the Agreement; and
3. the balance of HK\$30,000,000 in cash (the "Third Payment") is payable on the date which is 12 months from the date of the Agreement.

The Purchaser may elect to make the Second Payment and Third Payment to the Company on or before the date which is 6 months from the date of the Agreement and in such case, the consideration will be reduced to HK\$49,056,600 and the amount of the Third Payment will be reduced to HK\$29,056,600.

The consideration has been determined after arm's length negotiation between the parties with reference to (i) the unaudited adjusted consolidated net tangible asset value of Grandace Investments as at 30th June, 2002 of HK\$63,853,249 (being the sum of (a) the unaudited consolidated net tangible liabilities of Grandace Investments as at the date of the Agreement of about HK\$10.77 million (without taking into accounts of the operating results of Grandace Investments for the 6 months ended 31st December, 2002) and (b) the principal amount of the Sale Loan as at the date of the Agreement of about HK\$74.62 million); and (ii) the operating performance of Grandace Investments which reported an unaudited consolidated loss after taxation and minority interests for the nine months ended 31st December, 2000, year ended 31st December, 2001 and six months ended 30th June, 2002 of about HK\$29,017,430, HK\$28,651,054 and HK\$9,349,406 respectively. The Directors consider that the terms of the Agreement are fair and reasonable so far as the Company and its shareholders taken as a whole are concerned.

The Company intends to apply proceeds from the Disposal as working capital of the Group.

Conditions:

The Agreement is unconditional and Completion is to take place on the second business day after the payment of the consideration in full.

INFORMATION ON GRANDACE INVESTMENTS

Grandace Investments is a wholly-owned subsidiary of the Company and established in April, 1993. Grandace Investments and its subsidiaries are engaged in the manufacturing and trading of chemical fibres in the PRC. As at 30th June, 2002, the unaudited adjusted consolidated net tangible asset value of Grandace Investments was about HK\$63,853,249 (after adjusting for the principal amount of the Sale Loan). For the nine months ended 31st December, 2000, year ended 31st December, 2001 and six months ended 30th June, 2002, the chemical fibres business of the Company had contributed to approximately 92%, 90% and 96% of the turnover of the Group. The unaudited consolidated loss before tax of Grandace Investments for the nine months ended 31st December, 2000, year ended 31st December, 2001 and six months ended 30th June, 2002 were about HK\$50,340,549, HK\$52,949,367 and HK\$17,115,416 respectively. The unaudited consolidated loss after tax and minority interests of Grandace Investments for the nine months ended 31st December, 2000, year ended 31st December, 2001 and six months ended 30th June, 2002 were about HK\$29,017,430, HK\$28,651,054 and HK\$9,349,406 respectively.

As far as the Directors are aware after making enquiry with the Purchaser, the Purchaser does not hold any shares in the Company as at the date of the Agreement.

REASONS AND BENEFITS

The Group is at present principally engaged in properties investment, securities investment, financial services and manufacturing and trading of chemical fibres (the business which is to be disposed of pursuant to the Agreement). The Group also holds a 30% indirect equity interest in a company which operates shopping centers in the PRC and an effective 37% indirect equity interest in a company which provides medical and health care consultation services and wholly owns and operates a hospital in the PRC. As mentioned in the Company's announcement dated 1st November, 2002, the Directors will from time to time review the performance and the business operations of the Group and will re-deploy its resources to more profitable businesses with the aim of maximising the return to the Company. In view of the fact that the chemical fibres business of the Company had continued to incur losses for the financial periods as mentioned above, the Directors consider that the Disposal is in the interest of the Company and its shareholders taken as a whole as the Disposal will enable the Company to deploy the resources released for the investment in Grandace Investments to other profit making activities. At present, the Company has not entered into any negotiations or agreements for possible acquisition or disposal other than the Disposal which is required disclosure under the Listing Rules. However, the Directors will continue to identify business opportunities with attractive return. Should such new investment materialise, the Company will comply with the relevant requirements under the Listing Rules. Upon Completion, the Group will cease to be engaged in the chemical fibres business and save as the Disposal, the Directors have no present intention to change any other principal business of the Group.

GENERAL

The consideration for the Agreement is less than 15% of the consolidated net tangible assets of the Company and it does not constitute a notifiable transaction under the Listing Rules. This announcement is made pursuant to the requirements under paragraph 2(1) of the Listing Agreement.

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DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"Agreement"	the agreement dated 13th January, 2003 between the Purchaser and the Company relating to the sale and purchase of the Sale Shares and the Sale Loan;
"Associate"	the meaning ascribed to it under the Listing Rules;
"Company"	Poly Investments Holdings Limited;
"Completion"	completion of the sale and purchase of the Sale Shares and Sale Loan in accordance with the provisions of the Agreement;
"Directors"	the directors of the Company;
"Disposal"	the proposed disposal of the Sale Shares and the Sale Loan;
"Grandace Investments"	Grandace Investments Ltd., a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company;
"Group"	the Company and its subsidiaries;
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"PRC"	the People's Republic of China;
"Purchaser"	Gold Fancy Enterprise Limited, a company incorporated in Hong Kong with limited liability and its ultimate beneficial owner(s) are independent of and not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective Associates;
"Sale Loan"	an unsecured, interest free shareholder's loan of about HK\$74,621,458 due from Grandace Investments to the Company as at the date of this announcement; and
"Sale Shares"	3 shares of US\$1.00 each in Grandace Investments, representing the entire issued share capital of Grandace Investments as at the date of this announcement.

By Order of the Board
Poly Investments Holdings Limited
Lau Yuen Sun, Adrian
Executive Director

Hong Kong, 15th January, 2003