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FIRST SHANGHAI INVESTMENTS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 227)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE 2024

RESULTS

The Board of Directors (the “Board”) of First Shanghai Investments Limited (the “Company”) submits herewith the unaudited consolidated results of the Company and its subsidiaries (together, the “Group”) for the six months ended 30th June 2024 together with the comparative figures for the corresponding period last year as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited	
		Six months ended 30th June	
	Note	2024	2023
		HK\$'000	HK\$'000
Revenue	4	208,743	157,072
Cost of sales		(103,588)	(52,438)
Gross profit		105,155	104,634
Other gains/(losses) - net	5	53,719	(3,339)
Selling, general and administrative expenses		(124,389)	(127,153)
Operating profit/(loss)	4 and 6	34,485	(25,858)
Finance income		48,688	47,221
Finance costs		(16,904)	(20,047)
Finance income - net		31,784	27,174
Profit before taxation		66,269	1,316
Taxation	7	(161)	(4,720)
Profit/(loss) for the period		66,108	(3,404)
Attributable to:			
Shareholders of the Company		66,261	(1,931)
Non-controlling interests		(153)	(1,473)
		66,108	(3,404)
Earnings/(losses) per share for profit/(loss) attributable to shareholders of the Company			
– Basic	8	HK3.02 cents	HK(0.12) cents
– Diluted	8	HK3.02 cents	HK(0.12) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30th June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) for the period	<u>66,108</u>	<u>(3,404)</u>
Other comprehensive loss		
<i>Items that have been reclassified or may be subsequently reclassified to profit or loss</i>		
– Exchange reserve realised upon disposal of subsidiaries	(20,589)	–
– Currency translation differences	(14,218)	(13,009)
<i>Items that will not be reclassified to profit or loss</i>		
– Fair value loss on financial assets at fair value through other comprehensive income	(2,717)	(8,521)
– Currency translation differences	<u>(490)</u>	<u>(1,982)</u>
Other comprehensive loss for the period, net of tax	<u>(38,014)</u>	<u>(23,512)</u>
Total comprehensive income/(loss) for the period	<u>28,094</u>	<u>(26,916)</u>
Attributable to:		
Shareholders of the Company	28,737	(23,461)
Non-controlling interests	<u>(643)</u>	<u>(3,455)</u>
	<u>28,094</u>	<u>(26,916)</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited 30th June 2024	Audited 31st December 2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Intangible assets		1,726	1,726
Property, plant and equipment		421,736	443,176
Right-of-use assets		18,282	29,128
Investment properties		585,592	601,279
Leasehold land and land use rights		33,776	34,617
Properties under development		132,748	133,695
Deferred tax assets		249	175
Financial assets at fair value through other comprehensive income		25,497	28,214
Other non-current prepayments and deposits		4,004	4,552
Total non-current assets		1,223,610	1,276,562
Current assets			
Inventories		360,825	369,320
Loans and advances		1,106,671	938,662
Trade receivables	10	202,435	257,937
Other receivables, prepayments and deposits		52,902	50,586
Tax recoverable		7,543	7,574
Financial assets at fair value through profit or loss		8,043	7,934
Deposits with banks		5,715	1,112
Client trust bank balances		2,113,670	2,355,177
Cash and bank balances		246,648	340,622
		4,104,452	4,328,924
Assets classified as held for sale		–	11,296
Total current assets		4,104,452	4,340,220
Current liabilities			
Trade and other payables	11	2,580,622	2,853,093
Tax payable		42,929	40,876
Lease liabilities		10,221	13,278
Borrowings		125,531	135,656
		2,759,303	3,042,903
Liabilities classified as held for sale		–	8,512
Total current liabilities		2,759,303	3,051,415
Net current assets		1,345,149	1,288,805
Total assets less current liabilities		2,568,759	2,565,367

	Unaudited 30th June 2024	Audited 31st December 2023
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Deferred tax liabilities	62,429	67,997
Lease liabilities	8,256	16,487
Borrowings	33,736	48,321
Other non-current liabilities	697	876
	<hr/>	<hr/>
Total non-current liabilities	105,118	133,681
	<hr/>	<hr/>
Net assets	2,463,641	2,431,686
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Equity		
Share capital	1,265,591	1,265,591
Reserves	1,129,303	1,100,566
	<hr/>	<hr/>
Capital and reserves attributable to the Company's shareholders	2,394,894	2,366,157
Non-controlling interests	68,747	65,529
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Total equity	2,463,641	2,431,686
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NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

First Shanghai Investments Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in securities investment, corporate finance, stockbroking, property development, property investment, hotel operations, direct investment, investment holding and management.

The Company is a limited liability company incorporated in Hong Kong and is listed on The Stock Exchange of Hong Kong Limited. The address of its registered office is Room 1903, Wing On House, 71 Des Voeux Road Central, Hong Kong.

This unaudited condensed consolidated financial information is presented in Hong Kong dollars, unless otherwise stated.

The financial information relating to the year ended 31st December 2023 that is included in the condensed consolidated financial information for the six months ended 30th June 2024 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory consolidated financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

- The Company has delivered the consolidated financial statements for the year ended 31st December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).
- The Company’s auditor has reported on those consolidated financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

This unaudited condensed consolidated financial information was approved for issue by the Board on 30th August 2024.

2. BASIS OF PREPARATION

This unaudited condensed consolidated financial information for the six months ended 30th June 2024 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting”. This unaudited condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31st December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

3. ACCOUNTING POLICIES

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31st December 2023, as described in those annual financial statements.

- (a) In the current interim period, the new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning 1st January 2024. The adoption of these new and amendments to HKFRSs have no material effect on the results and financial positions of the Group for the current and prior accounting periods. Accordingly, no prior period adjustments are required.

The Group has not early applied the new standards and amendments that have been issued by the HKICPA but are not yet effective. The Group has already commenced an assessment of the impact of these new standards and new amendments but is not yet in a position to determine whether these new standards and amendments would have a material impact on its results of operations and financial position.

- (b) Taxes on income in the interim periods are accrued using the tax rates that would be applicable to expected total annual earnings.

4. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Board. Management determines the operating segments based on the Group’s internal reports, which are then submitted to the Board for performance assessment and resources allocation.

The Board identifies the following reportable operating segments by business perspective:

- Financial services
- Property development
- Property investment and hotel
- Other businesses

The Board assesses the performance of the operating segments based on a measure of segment results.

Segment assets consist primarily of intangible assets, property, plant and equipment, right-of-use assets, investment properties, leasehold land and land use rights, inventories, financial assets and operating cash.

The unaudited segment results of the Group for the six months ended 30th June 2024 are as follows:

	Unaudited				HK\$'000
	Financial services HK\$'000	Property development HK\$'000	Property investment and hotel HK\$'000	Other businesses HK\$'000	
Revenue	<u>78,650</u>	<u>54,940</u>	<u>72,344</u>	<u>2,809</u>	<u>208,743</u>
Segment results	<u>9,568</u>	<u>(4,725)</u>	<u>(19,846)</u>	<u>67,668</u>	<u>52,665</u>
Unallocated net operating expenses					<u>(18,180)</u>
Operating profit					<u>34,485</u>
Finance income – net					<u>31,784</u>
Profit before taxation					<u>66,269</u>

Note: There were no sales or other transactions among the operating segments.

The unaudited segment results of the Group for the six months ended 30th June 2023 are as follows:

	Unaudited				HK\$'000
	Financial services HK\$'000	Property development HK\$'000	Property investment and hotel HK\$'000	Other businesses HK\$'000	
Revenue	<u>84,389</u>	<u>12,625</u>	<u>56,319</u>	<u>3,739</u>	<u>157,072</u>
Segment results	<u>9,834</u>	<u>(8,062)</u>	<u>(7,366)</u>	<u>(126)</u>	<u>(5,720)</u>
Unallocated net operating expenses					<u>(20,138)</u>
Operating loss					<u>(25,858)</u>
Finance income – net					<u>27,174</u>
Profit before taxation					<u>1,316</u>

Note: There were no sales or other transactions among the operating segments.

The unaudited segment assets of the Group as at 30th June 2024 are as follows:

	Unaudited				<i>HK\$'000</i>
	Financial services <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Property investment and hotel <i>HK\$'000</i>	Other businesses <i>HK\$'000</i>	
Segment assets	3,600,229	543,346	1,081,847	76,276	5,301,698
Tax recoverable					7,543
Deferred tax assets					249
Corporate assets					<u>18,572</u>
Total assets					<u><u>5,328,062</u></u>

The audited segment assets of the Group as at 31st December 2023 are as follows:

	Audited				<i>HK\$'000</i>
	Financial services <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Property investment and hotel <i>HK\$'000</i>	Other businesses <i>HK\$'000</i>	
Segment assets	3,844,103	575,041	1,118,967	40,267	5,578,378
Tax recoverable					7,574
Deferred tax assets					175
Assets classified as held for sale					11,296
Corporate assets					<u>19,359</u>
Total assets					<u><u>5,616,782</u></u>

5. OTHER GAINS/(LOSSES) – NET

	Unaudited	
	Six months ended 30th June 2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Gain on disposal of subsidiaries	65,946	–
(Loss)/gain on disposal of investment properties	(7)	159
Fair value losses on investment properties	(11,353)	(3,608)
Net gain/(loss) on disposal of property, plant and equipment	82	(308)
Impairment of intangible assets	–	(400)
Net foreign exchange (loss)/gain	(949)	818
	<u>53,719</u>	<u>(3,339)</u>

6. OPERATING PROFIT/(LOSS)

The following items have been charged/(credited) to the operating profit/(loss) during the interim period:

	Unaudited	
	Six months ended 30th June	
	2024	2023
	HK\$'000	HK\$'000
Depreciation	19,303	20,264
Amortisation of leasehold land and land use rights	755	771
Net (reversal of)/losses on impairment of financial assets	(347)	2,878
Staff costs	97,427	95,189
	<u>197,138</u>	<u>119,002</u>

7. TAXATION

The amount of taxation charged/(credited) to the condensed consolidated income statement represents:

	Unaudited	
	Six months ended 30th June	
	2024	2023
	HK\$'000	HK\$'000
Hong Kong profits tax		
– Current	1,806	2,390
Overseas profits tax		
– Current	458	476
– Over provision in previous years	–	(17)
Land appreciation tax	2,926	2,892
Deferred taxation	(5,029)	(1,021)
	<u>161</u>	<u>4,720</u>
Taxation charge		
	<u>161</u>	<u>4,720</u>

8. EARNINGS/(LOSSES) PER SHARE

The calculation of basic and diluted earnings/(losses) per share is based on the Group's profit attributable to shareholders of approximately HK\$66,261,000 (2023: loss attributable to shareholders of approximately HK\$1,931,000). The basic earnings/(losses) per share is based on the weighted average number of 2,190,679,905 (2023: 1,564,771,361) shares in issue during the period.

For the six months ended 30th June 2024 and 2023, diluted earnings/(losses) per share is the same as the basic earnings/(losses) per share as there were no dilutive potential ordinary shares in issue during the period.

9. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30th June 2024 (2023: HK\$Nil).

10. TRADE RECEIVABLES

	Unaudited 30th June 2024 <i>HK\$'000</i>	Audited 31st December 2023 <i>HK\$'000</i>
Due from stockbrokers and clearing houses	170,134	184,730
Due from stockbroking clients	26,444	64,429
Trade receivables - others	6,287	9,261
	<hr/>	<hr/>
	202,865	258,420
Loss allowance	(430)	(483)
	<hr/>	<hr/>
	202,435	257,937
	<hr/>	<hr/>

All trade receivables are either repayable within one year or on demand. The fair value of the trade receivables is approximately the same as the carrying value.

The settlement terms of receivables attributable to the securities trading and stockbroking business are two days after the trade date, and those of receivables attributable to the futures broking business are one day after the trade date. For the remaining business of the Group, trade receivables are on general credit terms of 30 to 90 days.

At 30th June 2024 and 31st December 2023, the ageing analysis of trade receivables based on invoice date is as follows:

	Unaudited 30th June 2024 <i>HK\$'000</i>	Audited 31st December 2023 <i>HK\$'000</i>
0 – 30 days	200,320	255,655
31 – 60 days	511	491
61 – 90 days	96	310
Over 90 days	1,508	1,481
	<hr/>	<hr/>
	202,435	257,937
	<hr/>	<hr/>

11. TRADE AND OTHER PAYABLES

	Unaudited 30th June 2024 <i>HK\$'000</i>	Audited 31st December 2023 <i>HK\$'000</i>
Due to stockbrokers and dealers	25,208	42,631
Due to stockbroking clients and clearing houses	2,210,778	2,422,342
Trade payables	<u>169,625</u>	<u>137,294</u>
Total trade payables	2,405,611	2,602,267
Contract liabilities	26,381	83,886
Accruals and other payables	<u>148,630</u>	<u>166,940</u>
	<u>2,580,622</u>	<u>2,853,093</u>

The majority of the trade and other payables are either repayable within one year or on demand except where certain trade payables to stockbroking clients represent margin deposits received from clients for their trading activities under normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand. The fair values of the trade and other payables are approximately the same as the carrying values.

Trade and other payables to stockbroking clients also include those payables placed in trust and segregated accounts with authorised institutions of HK\$2,113,670,000 (31st December 2023: HK\$2,355,177,000).

Trade and other payables are non-interest bearing except for the amount due to stockbroking clients placed in trust and segregated accounts with authorised institutions which bear interest at the rate with reference to the bank deposit savings rate.

No ageing analysis is disclosed for amounts due to stockbrokers, dealers, stockbroking clients and clearing houses as in the opinion of directors, it does not give additional value in view of the nature of these businesses.

At 30th June 2024 and 31st December 2023, the ageing analysis of trade payables based on invoice date is as follows:

	Unaudited 30th June 2024 <i>HK\$'000</i>	Audited 31st December 2023 <i>HK\$'000</i>
0 – 30 days	47,655	12,089
31 – 60 days	1,255	2,489
61 – 90 days	1,104	1,465
Over 90 days	<u>119,611</u>	<u>121,251</u>
	<u>169,625</u>	<u>137,294</u>

MARKET OVERVIEW

In the first half of 2024, the global economic outlook remained cautiously optimistic, with major central banks navigating ongoing challenges such as inflation, geopolitical tensions, and political uncertainties. The pace of recovery is expected to vary across different regions and economies. Despite a slowdown in inflation in most countries, indicating that monetary tightening by central banks is nearing an end, some economic indicators remain above target. During the reporting period, numerous central banks maintained their current interest rates to combat inflation, which has dampened the economic growth. Major financial markets experienced significant fluctuations. Some key stock indices recorded modest gains, buoyed by expectations of a potential pause in interest rate hikes. However, investor sentiment in Hong Kong remained cautious due to ongoing rivalry between the United States and China. Geopolitical tensions, particularly ongoing conflicts in Ukraine and the Middle East, including attacks on shipping in the Red Sea, leads to significant disruptions in global supply chains, adding to challenges. These factors collectively contribute to the uncertainty facing the global economy as stakeholders grapple with complex challenges ahead.

In China, the economy showed some signs of stabilization after the property market downturn in 2023. Policy stimulus measures implemented by the Central Government, including lowering the reserve requirement ratio and approving sovereign bond issuance for infrastructure projects, helped to partially ease liquidity conditions and boost economic activity in the industrial and service sectors. However, consumer confidence remained vulnerable, and the economy continued to grapple with high debt levels and slowing growth. Structural reforms, continuous measures to stimulate domestic consumption and lift sales restrictions on property markets were implemented by the Central Government to support economic sustainability.

In Hong Kong, the financial industry faced significant pressure from global economic uncertainties and intensified competition from regional centers. The real estate market remained sluggish, with declining property prices and reduced investment activities. However, the economy showed signs of recovery, bolstered by various government stimulus measures aimed at promoting investment and boosting domestic consumption. These efforts are intended to revitalize economic activity in the region.

BUSINESS OVERVIEW

The Group adheres to its strategic business model and dedicating its efforts and resources in developing the financial services, property and hotel businesses.

During the first half of 2024, the financial markets faced a diverse range of challenges. Elevated inflation, recession risks, and ongoing geopolitical conflicts heavily influenced investor sentiment. Uncertainties in the Chinese property sector, including liquidity and credit conditions, along with weak domestic consumption, contributed further to market volatility. High interest rates and concerns about corporate earnings in both Chinese Mainland and Hong Kong companies exacerbated the situation. Consequently, the Hong Kong financial market underperformed when compared to major overseas markets, with the Hang Seng Index fluctuating between a low of 14,961 and a high of 19,636, ultimately closing at 17,719 by the period end. Additionally, average daily market turnover declined by 4% during this period. The Financial Services Sector, including brokerage and underwriting businesses, faced continued pressure from low demand for trading and corporate finance activities. Despite a slight increase in margin loan interest income due to ongoing interest rate hikes, the overall impact on the sector remained negative, highlighting the challenging environment for financial service providers in Hong Kong.

The property and hotel business faced various uncertainties in the first half of 2024. However, the Group's property and hotel operations experienced a modest recovery, largely due to a gradual improvement in the tourism industry. The Group's hotel in Paris resumed operations in the second half of 2023 after a six-month suspension for urgent roof repairs. Business performance improved gradually, especially during the summer Olympics held in Paris. Despite ongoing credit and liquidity risks in the Chinese property sector, the Group managed to recognise some sales in Huangshan. These gains were somewhat mitigated by slight valuation losses in other property projects, reflecting the challenging environment still present in the market.

For the six months ended 30th June 2024, the Group reported a net profit and basic earnings per share attributable to shareholders of approximately HK\$66 million and HK3.02 cents respectively, as compared to the net loss and basic losses per share attributable to shareholders of approximately HK\$2 million and HK0.12 cents respectively reported from the corresponding period of 2023.

FINANCIAL REVIEW

For the six months ended 30th June 2024, the Group reported a net profit and basic earnings per share attributable to shareholders of approximately HK\$66 million and HK3.02 cents respectively, as compared to the net loss and basic losses per share attributable to shareholders of approximately HK\$2 million and HK0.12 cents respectively reported for the corresponding period of 2023. The improvement in the Group's net profit and basic earnings per share in the first half of 2024 was mainly attributable to the (i) recognition of gain on disposals of equity interest in subsidiaries during the period, (ii) increase in sales of property reported from Huangshan property project and (iii) increase in operating revenue from Paris hotel. However, the overall results were partially offset by the decline in brokerage and underwriting commission income from Financial Services Sector due to fragile market sentiment and keen competition. Furthermore, the property and hotel business in Chinese Mainland still faced challenges in the first half of 2024 due to cautious investment sentiment arising from potential deflationary pressures and mounting economic uncertainties, with valuation loss of certain investment properties in Chinese Mainland reported. Revenue of the Group was approximately HK\$209 million, representing an increase of 33% over the corresponding period of 2023, contributed by the increase of revenue from hotel business and sales of properties. Total net assets of the Group reported an increase by 1% to approximately HK\$2,464 million compared with approximately HK\$2,432 million as at 31st December 2023.

Financial Services

The Group's Financial Services Sector provides a full range of financial services including securities investment, securities brokerage, margin financing, corporate finance, underwriting and placements, asset management and wealth management. For the first half of 2024, the operating profit reported from the Financial Services Sector remained relatively stable at HK\$10 million, representing a slight drop, when compared with the corresponding period in 2023. This was primarily affected by the decline in brokerage commission and underwriting fee income, mitigated by the increase in margin loan interest income.

The global financial market was volatile in the first half of 2024. Elevated uncertainty due to geopolitical tensions from the Russia-Ukraine and Middle East conflicts continues to hamper trade and corporate growth. The slower-than-expected interest rate cuts by the U.S Federal Reserve also intensified the uncertainty of the economic outlook. Hence, the performance of the Hang Seng Index was volatile throughout the period, fluctuating from a low of 14,961 to a high of 19,636, and closed at 17,719 as at period end. During the first half of 2024, our brokerage business reported a slight decrease in commission income by 5%, adversely affected by the decline in average daily market turnover by 4%. Additionally, underwriting commission income decreased significantly due to the absence of sizable funding raising transactions as in the corresponding period in 2023. Nevertheless, the impact was partially offset by a 3% increase in margin loan interest income, tracking the rise of interest rate compared to the corresponding period in 2023.

Our corporate finance team continued to focus on IPO and financial advisory transactions during the reporting period. For the six months ended 30th June 2024, income derived from advisory services was decreased by 40% compared to the corresponding period in 2023 due to unfavorable market sentiment and keen competition.

Property and Hotel

The Group's Property and Hotel Sector primarily involves property development, property investment, property management, hotel and golf operations. We have developed various property projects including residential, service apartment, commercial office, industrial office and hotel in China, and a recreation resort in Paris. For the six months ended 30th June 2024, operating loss of HK\$25 million was reported from Property and Hotel Sector, representing a 59% increase recorded in the corresponding period in 2023, tracking the fair value losses on investment properties during the reporting period, mitigated by the improvement in sales from Huangshan project and the growth in operating revenue from Paris hotel during the period.

For the six months ended 30th June 2024, operating revenue from property development operations improved by around four times compared to the corresponding period in 2023, contributed by increased properties sales in Huangshan project upon the completion of construction work in early 2024.

For the six months ended 30th June 2024, operating revenue from property investment and management operations reported a decrease by 7% as compared to the corresponding period in 2023 tracking the general reduction in rental income in Wuxi. For investment properties held by the Group, valuation loss increased from HK\$4 million to HK\$11 million.

For the six months ended 30th June 2024, revenue from hotel and golf operations rose by 37% compared to the corresponding period in 2023, primarily due to the increase in room revenue from the Paris hotel, when compared with the temporary closure of operation for urgent rooftop repair in the first half of 2023.

Other Businesses

The Group's Other Businesses Sector includes several direct investments. For the reporting period, Other Businesses Sector recorded an operation profit of HK\$68 million compared to an operating loss of HK\$0.1 million for the corresponding period in 2023. The profit was mainly driven by the recognition of a total gain on disposal of equity interests in two indirect non-wholly owned subsidiaries of approximately HK\$66 million. Focusing our internal resources on the financial services business, there was no new direct investment launched in 2024.

PROSPECTS

Looking ahead, we expect the global economic environment in the second half of 2024 to remain challenging. Uncertainties will persist due to unresolved geopolitical issues, including ongoing conflicts in Ukraine and the Middle East, alongside continued trade tensions between the United States and China. The upcoming U.S. presidential election and the pace of interest rate cuts by the Federal Reserve are anticipated to impact the global economy, bringing geopolitical and fiscal implications. Additionally, inflationary pressures and concerns about declining corporate earnings may further hinder financial markets, contributing to a cautious outlook for global economic recovery and stability.

In Hong Kong, we believe the financial market will remain largely influenced by external macroeconomic factors. Key influences include the monetary policy decisions made by major central banks, which significantly shape global market dynamics. The economic outlook in the Chinese Mainland, along with the scale and timing of policy stimulus, will directly impact the market sentiment in Hong Kong. Despite some recent improvements, the economic recovery remains fraught with challenges. However, we anticipate that the growth trajectory will stabilize as newly introduced policy measures aimed at supporting the property sector and addressing local government debt begin to permeate the broader economy. Economic growth in Hong Kong is projected to progress at a more gradual rate. This slower pace may reflect both local economic conditions and lingering uncertainties stemming from external developments, ultimately shaping the region's financial landscape.

The Group will remain vigilant of uncertainties on the road to recovery, maintaining disciplined cost control and prudent risk management measures. Given the expected volatility in the financial market, a cautious and proactive approach will be maintained regarding risk and credit control in operations and business development. Technological advancements and digital transformation will continue to reshape industries. We are committed to actively driving the digitalization and automation of our financial services to enhance customer experience and operating efficiency. Additionally, efforts will be made to enrich the product matrix, broaden the customer base, and adapt to market demands. Continuous reinforcement of market knowledge and attentiveness to customer needs will enable the Group to seize business opportunities in a timely manner within the rapidly changing environment.

MATERIAL ACQUISITION AND DISPOSAL

On 26th April 2024, the Group had completed the disposal of the entire equity interest and shareholder's loan in Shanghai Zhong Chuang International Container Storage & Transportation Company Limited, an indirect non-wholly subsidiary, to an independent third party, at a cash consideration of approximately RMB38 million and approximately RMB6 million respectively. The Group recorded a gain on disposal of equity interest of approximately HK\$65 million for the six months ended 30th June 2024. Details of the disposal transaction were set out in the announcements of the Company dated 29th June 2023, 25th August 2023 and 29th April 2024.

Save as disclosed above, during the period, the Group had no material acquisitions, disposals and significant investments.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30th June 2024 (2023: HK\$Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its securities and neither the Company nor any of its subsidiaries purchased or sold any of its securities listed on The Stock Exchange of Hong Kong Limited during the period.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions as set out in the code provisions and recommended best practices as stipulated in Appendix C1 (the "CG Code") of the Listing Rules throughout the period, except for the deviation from code provision C.2.1 of the CG Code.

The Chairman and chief executive officer of the Company is Mr. LO Yuen Yat. This deviates from code provision C.2.1 of the CG Code which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Board believes that vesting the role of both positions in Mr. Lo provides the Group with strong and consistent leadership and allows for more effective planning and execution of long-term business strategies. The Board also considers that this structure will not impair the balance of power and authority between the Board and the management of the business of the Group given that there is a strong and independent non-executive element on the Board. The Board believes that the structure outlined above is beneficial to the Company and its business.

Nomination Committee

The Nomination Committee was established on 1st March 2012. The Nomination Committee comprises three independent non-executive directors, Prof. WOO Chia-Wei, Mr. YU Qihao and Mr. ZHOU Xiaohe and an executive director, Mr. LO Yuen Yat. The Nomination Committee was set up to assist the Board to review the structure, size, composition and diversity of the Board, identify individuals and make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors and assess the independence of independent non-executive directors.

Remuneration Committee

The Remuneration Committee was established on 30th June 2005. The Remuneration Committee comprises three independent non-executive directors, Prof. WOO Chia-Wei, Mr. YU Qihao and Mr. ZHOU Xiaohe and an executive director, Mr. LO Yuen Yat. The Remuneration Committee was set up to assist the Board to establish a coherent remuneration policy and to review and approve the remuneration packages of the directors and senior management including the terms of salary and bonus schemes and other long term incentive schemes.

Audit Committee

The Audit Committee was established on 27th December 1998. The Audit Committee comprises the non-executive director, Mr. KWOK Lam Kwong, Larry, *S.B.S., J.P.* and the five independent non-executive directors, Prof. WOO Chia-Wei, Mr. LIU Ji, Mr. YU Qihao, Mr. ZHOU Xiaohe and Mr. LI Zhiyun. The Audit Committee was set up to ensure proper financial reporting, risk management and internal control systems are in place and follow.

The Audit Committee has reviewed with the Management the accounting principles and practices adopted by the Group and discussed risk management, internal control and financial reporting matters, including a review of the unaudited consolidated interim results for the six months ended 30th June 2024 for approval by the Board.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix C3 of the Listing Rules for securities transactions by directors of the Company. All the members of the Board have confirmed, following specific enquiry by the Company that they have complied with the required standard as set out in the Model Code throughout the six months ended 30th June 2024.

PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT ON THE STOCK EXCHANGE’S WEBSITE

This announcement of interim results is published on the websites of Hong Kong Exchanges and Clearing Limited at <http://www.hkexnews.hk> under “Listed Company Information” and the Company at <http://www.firstshanghai.com.hk> under “Investor Relations – Corporate Announcement – Results Announcements”. The 2024 Interim Report of the Company containing all the information required by the Listing Rules will be dispatched to shareholders of the Company and published on the websites of Hong Kong Exchanges and Clearing Limited at <http://www.hkexnews.hk> under “Listed Company Information” and the Company at <http://www.firstshanghai.com.hk> under “Investor Relations – Interim and Annual Report” in due course.

BOARD OF DIRECTORS

As at the date of this 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.

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

Hong Kong, 30th August 2024