



First Shanghai Investments Limited
Stock Code: 227

2024

INTERIM REPORT





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CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman

Mr. LO Yuen Yat

Executive Directors

Mr. XIN Shulin

Mr. YEUNG Wai Kin

Ms. LAO Yuanyuan

Non-executive Director

Mr. KWOK Lam Kwong, Larry, *S.B.S., J.P.*

Independent Non-executive Directors

Prof. WOO Chia-Wei

Mr. LIU Ji

Mr. YU Qihao

Mr. ZHOU Xiaohe

Mr. LI Zhiyun

NOMINATION COMMITTEE

Prof. WOO Chia-Wei (*Chairman*)

Mr. LO Yuen Yat

Mr. YU Qihao

Mr. ZHOU Xiaohe

REMUNERATION COMMITTEE

Mr. ZHOU Xiaohe (*Chairman*)

Mr. LO Yuen Yat

Prof. WOO Chia-Wei

Mr. YU Qihao

AUDIT COMMITTEE

Mr. YU Qihao (*Chairman*)

Mr. KWOK Lam Kwong, Larry, *S.B.S., J.P.*

Prof. WOO Chia-Wei

Mr. LIU Ji

Mr. ZHOU Xiaohe

Mr. LI Zhiyun

COMPANY SECRETARY

Mr. YEUNG Wai Kin

AUDITOR

PricewaterhouseCoopers

Certified Public Accountants

Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

Bank of Communications Co., Ltd.,

Hong Kong Branch

China CITIC Bank International Limited

China Construction Bank Corporation,

Hong Kong Branch

Dah Sing Bank, Limited

OCBC Bank (Hong Kong) Limited

Standard Chartered Bank (Hong Kong) Limited

REGISTERED OFFICE

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REGISTRARS & TRANSFER OFFICE

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183 Queen's Road East

Hong Kong

STOCK CODE

Stock Code on The Stock Exchange of

Hong Kong Limited: 227

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.

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.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

Overview

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.

MANAGEMENT COMMENTARY

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.

Liquidity, financial resources and capital structure

The Group relied principally on its internal financial resources to fund its operations and investment activities. Bank and other loans and shareholders' fund raising projects will be arranged to meet the different demands of our operation needs. As at 30th June 2024, the Group had raised secured bank loans of approximately HK\$159 million (31st December 2023: secured and unsecured bank loans in total of approximately HK\$184 million). As at 30th June 2024, the Group had held approximately HK\$252 million (31st December 2023: HK\$342 million) cash reserves. The gearing ratio (total borrowings to shareholders' fund) decreased to 6.5% as at 30th June 2024 (31st December 2023: 7.6%).

During the reporting period, there was no change on the Group's overall share capital structure. As at 30th June 2024, the total number of issued ordinary shares was 2,190,679,905 shares (31st December 2023: 2,190,679,905 shares).

The Group's licensed subsidiaries are subject to various statutory capital requirements in accordance with the Securities and Futures (Financial Resources) Rules (Cap. 571N) and the Insurance (Financial and other Requirements for Licensed Insurance Broker Companies) Rules (Cap. 41 Sub. Leg. L). During the reporting period, all licensed corporations within the Group complied with their respective requirements.

The Group's principal operations are transacted and recorded in Hong Kong dollars, Renminbi and EURO. The Group has no significant exposure to other foreign exchange fluctuations. The Group has not used any derivatives to hedge its exposure to foreign exchange risk.

Charges of assets of the Group

The Group has pledged properties, investment properties, leasehold land and land use rights and properties held for sale with an aggregate net carrying value of approximately HK\$564 million (31st December 2023: HK\$570 million) and fixed deposits of the Group of approximately HK\$15 million (31st December 2023: HK\$15 million) against its bank loans and general banking facilities. No bank borrowing was secured by charges over listed securities pledged by the customers of the Group as margin and IPO loan collateral.

Contingent liabilities

The Group has provided guarantees in respect of mortgage facilities granted by certain banks relating to mortgage loans arranged for certain purchasers of the Group's properties in China. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group will be responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks, whilst the Group will then be entitled to take over the legal title and possession of the related properties. Such guarantees will terminate upon issuance of the relevant property ownership certificates.

As at 30th June 2024, total contingent liabilities relating to these guarantees amounted to approximately HK\$15 million (31st December 2023: HK\$21 million).

Material acquisitions 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 owned 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.

* For identification purpose only

MANAGEMENT COMMENTARY

Human resources

The objective of the Group's human resources management is to reward and recognise performing staff through a competitive remuneration package and a sound performance appraisal system with appropriate incentives, and to promote career development and progression within the Group. Employees' remuneration is performance based and is reviewed annually. In addition to basic salary payments, other staff benefits include discretionary bonus, medical schemes, defined contribution provident fund schemes and employee share option scheme. Staff are enrolled in external and internal training courses or seminars in order to update their professional knowledge and technical skills so as to increase their awareness of market development and business trend. As at 30th June 2024, the Group employed 543 (30th June 2023: 568) staff, of whom 322 are based in Chinese Mainland. The staff costs of the Group for the six months ended 30th June 2024 amounted to approximately HK\$97 million (30th June 2023: HK\$95 million).

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Unaudited Six months ended 30th June	
		2024 HK\$'000	2023 HK\$'000
Revenue	5	208,743	157,072
Cost of sales		(103,588)	(52,438)
Gross profit		105,155	104,634
Other gains/(losses) – net	6	53,719	(3,339)
Selling, general and administrative expenses		(124,389)	(127,153)
Operating profit/(loss)	5 and 7	34,485	(25,858)
Finance income	8	48,688	47,221
Finance costs	8	(16,904)	(20,047)
Finance income – net	8	31,784	27,174
Profit before taxation		66,269	1,316
Taxation	10	(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	11	HK3.02 cents	HK(0.12) cents
– Diluted	11	HK3.02 cents	HK(0.12) cents

The notes on pages 17 to 36 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30th June	
	2024	2023
	HK\$'000	HK\$'000
Profit/(loss) for the period	66,108	(3,404)
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	(490)	(1,982)
Other comprehensive loss for the period, net of tax	(38,014)	(23,512)
Total comprehensive income/(loss) for the period	28,094	(26,916)
Attributable to:		
Shareholders of the Company	28,737	(23,461)
Non-controlling interests	(643)	(3,455)
	28,094	(26,916)

The notes on pages 17 to 36 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited 30th June 2024 HK\$'000	Audited 31st December 2023 HK\$'000
Non-current assets			
Intangible assets	13	1,726	1,726
Property, plant and equipment	13	421,736	443,176
Right-of-use assets	13	18,282	29,128
Investment properties	13	585,592	601,279
Leasehold land and land use rights	13	33,776	34,617
Properties under development	14	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	14	360,825	369,320
Loans and advances		1,106,671	938,662
Trade receivables	15	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	16	2,580,622	2,853,093
Tax payable		42,929	40,876
Lease liabilities		10,221	13,278
Borrowings	17	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

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	Unaudited 30th June 2024 HK\$'000	Audited 31st December 2023 HK\$'000
Total assets less current liabilities		2,568,759	2,565,367
Non-current liabilities			
Deferred tax liabilities		62,429	67,997
Lease liabilities		8,256	16,487
Borrowings	17	33,736	48,321
Other non-current liabilities		697	876
Total non-current liabilities		105,118	133,681
Net assets		2,463,641	2,431,686
Equity			
Share capital	18	1,265,591	1,265,591
Reserves		1,129,303	1,100,566
Capital and reserves attributable to the Company's shareholders		2,394,894	2,366,157
Non-controlling interests		68,747	65,529
Total equity		2,463,641	2,431,686

The notes on pages 17 to 36 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months ended 30th June	
	2024 HK\$'000	2023 HK\$'000
Cash flows from operating activities		
Net cash (outflow)/inflow from operating activities	(140,892)	9,380
Hong Kong profits tax paid	(966)	(1,410)
Overseas taxation paid	(1,899)	(2,418)
Net cash (used in)/generated from operating activities	(143,757)	5,552
Cash flows from investing activities		
Interest received	49,662	51,340
Purchase of property, plant and equipment	(3,633)	(3,906)
Purchase of financial assets at fair value through profit or loss	–	(15,431)
Decrease in deposits paid for property, plant and equipment	513	437
Proceeds from disposal of property, plant and equipment	85	293
Proceeds from disposal of investment properties	1,176	9,015
Proceeds from disposal of subsidiaries	49,951	–
Increase in deposits with banks	(4,633)	(864)
Net cash generated from investing activities	93,121	40,884
Cash flows from financing activities		
Interest paid	(10,921)	(14,117)
Proceeds from borrowings	118,000	118,000
Repayments of borrowings	(142,244)	(131,558)
Dividend paid to non-controlling interests	(450)	–
Payment for lease liabilities	(6,933)	(7,059)
Net cash used in financing activities	(42,548)	(34,734)
Net (decrease)/increase in cash and cash equivalents	(93,184)	11,702
Cash and cash equivalents at 1st January	340,622	246,997
Exchange differences	(790)	(2,063)
Cash and cash equivalents at 30th June	246,648	256,636

The notes on pages 17 to 36 form an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited								
	Attributable to shareholders of the Company							Non-controlling interests	Total
	Share capital HK\$'000	Capital reserve HK\$'000	Assets revaluation reserve HK\$'000	Financial assets at fair value through other comprehensive income reserve		Exchange fluctuation reserve HK\$'000	Retained earnings HK\$'000	HK\$'000	HK\$'000
				HK\$'000	HK\$'000				
At 1st January 2024	1,265,591	38,924	12,334	(32,192)	(18,763)	1,100,263	65,529	2,431,686	
Profit for the period	-	-	-	-	-	66,261	(153)	66,108	
Other comprehensive loss	-	-	-	(2,717)	(34,807)	-	(490)	(38,014)	
Total comprehensive income for the period ended 30th June 2024	-	-	-	(2,717)	(34,807)	66,261	(643)	28,094	
Disposal of subsidiaries	-	-	-	-	-	-	4,311	4,311	
Dividend paid to non-controlling interests	-	-	-	-	-	-	(450)	(450)	
	-	-	-	-	-	-	3,861	3,861	
At 30th June 2024	1,265,591	38,924	12,334	(34,909)	(53,570)	1,166,524	68,747	2,463,641	

	Unaudited								
	Attributable to shareholders of the Company							Non-controlling interests	Total
	Share capital HK\$'000	Capital reserve HK\$'000	Assets revaluation reserve HK\$'000	Financial assets at fair value through other comprehensive income reserve		Exchange fluctuation reserve HK\$'000	Retained earnings HK\$'000	HK\$'000	HK\$'000
				HK\$'000	HK\$'000				
At 1st January 2023	1,199,345	38,715	12,334	(19,802)	(25,448)	1,111,644	63,225	2,380,013	
Loss for the period	-	-	-	-	-	(1,931)	(1,473)	(3,404)	
Other comprehensive loss	-	-	-	(8,521)	(13,009)	-	(1,982)	(23,512)	
Total comprehensive loss for the period ended 30th June 2023	-	-	-	(8,521)	(13,009)	(1,931)	(3,455)	(26,916)	
Dividend declared to non-controlling interests	-	-	-	-	-	-	(143)	(143)	
At 30th June 2023	1,199,345	38,715	12,334	(28,323)	(38,457)	1,109,713	59,627	2,352,954	

The notes on pages 17 to 36 form an integral part of this condensed consolidated financial information.

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) *New and amended standards adopted by the Group*

In the current interim period, the following 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:

- Amendments to HKAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to HKAS 1, *Non-current Liabilities with Covenants*
- Amendments to HKFRS 16, *Lease Liability in a Sale and Leaseback*
- Hong Kong Interpretation 5 (Revised), *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*
- Amendments to HKAS 7 and HKFRS 7, *Supplier Finance Arrangements*

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. ESTIMATES

The preparation of unaudited condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this unaudited condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31st December 2023.

5. 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.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5. SEGMENT INFORMATION (CONTINUED)

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

	Unaudited				HK\$'000
	Financial	Property	Property	Other	
	services	development	investment	businesses	
	HK\$'000	HK\$'000	and hotel	HK\$'000	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest revenue calculated using effective interest method	36,862	-	-	-	36,862
Timing of recognition:					
– At a point in time	37,434	54,940	33,839	1,241	127,454
– Over time	4,354	-	38,505	1,568	44,427
Revenue	78,650	54,940	72,344	2,809	208,743
Segment results	9,568	(4,725)	(19,846)	67,668	52,665
Unallocated net operating expenses					(18,180)
Operating profit					34,485
Finance income – net					31,784
Profit before taxation					66,269

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

5. SEGMENT INFORMATION (CONTINUED)

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	
Interest revenue calculated using effective interest method	35,787	-	-	-	35,787
Timing of recognition:					
– At a point in time	42,894	12,625	15,863	1,381	72,763
– Over time	5,708	-	40,456	2,358	48,522
Revenue	84,389	12,625	56,319	3,739	157,072
Segment results	9,834	(8,062)	(7,366)	(126)	(5,720)
Unallocated net operating expenses					(20,138)
Operating loss					(25,858)
Finance income – net					27,174
Profit before taxation					1,316

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5. SEGMENT INFORMATION (CONTINUED)

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

	Unaudited				
	Financial services	Property development	Property investment and hotel	Other businesses	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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					18,572
Total assets					<u>5,328,062</u>

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

	Audited				
	Financial services	Property development	Property investment and hotel	Other businesses	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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					19,359
Total assets					<u>5,616,782</u>

6. OTHER GAINS/(LOSSES) - NET

	Unaudited	
	Six months ended 30th June	
	2024	2023
	HK\$'000	HK\$'000
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
	53,719	(3,339)

7. 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 (<i>Note 9</i>)	97,427	95,189

8. FINANCE INCOME – NET

	Unaudited	
	Six months ended 30th June	
	2024	2023
	HK\$'000	HK\$'000
Finance income	48,688	47,221
Finance costs		
– Interest on loans and overdrafts	(16,377)	(19,621)
– Interest expenses on lease liabilities	(527)	(426)
Total finance costs	(16,904)	(20,047)
Finance income – net	31,784	27,174

9. STAFF COSTS

Staff costs, including directors' remuneration, comprise:

	Unaudited	
	Six months ended 30th June	
	2024	2023
	HK\$'000	HK\$'000
Wages, salaries and allowances	85,815	84,540
Retirement benefit costs	5,394	5,573
Other employee benefits	6,218	5,076
	97,427	95,189

10. 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)
Taxation charge	161	4,720

11. 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.

12. INTERIM DIVIDEND

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

13. CAPITAL EXPENDITURE

	Unaudited				
	Intangible	Property,	Right-of-use	Investment	Leasehold
	assets	plant and	assets	properties	land and land
	HK\$'000	equipment	HK\$'000	HK\$'000	use rights
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net book value at					
1st January 2024	1,726	443,176	29,128	601,279	34,617
Additions	–	3,812	1,443	–	–
Fair value losses	–	–	–	(11,353)	–
Disposals	–	(3)	–	(1,183)	–
Disposal of subsidiaries	–	(1,750)	(5,083)	–	–
Depreciation and amortisation	–	(12,407)	(6,894)	–	(755)
Exchange differences	–	(11,092)	(312)	(3,151)	(86)
Net book value at					
30th June 2024	1,726	421,736	18,282	585,592	33,776

	Unaudited				
	Intangible	Property,	Right-of-use	Investment	Leasehold
	assets	plant and	assets	properties	land and land
	HK\$'000	equipment	HK\$'000	HK\$'000	use rights
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net book value at					
1st January 2023	2,126	471,935	26,574	604,704	36,462
Additions	–	3,797	418	–	–
Fair value losses	–	–	–	(3,608)	–
Disposals	–	(601)	–	(8,856)	–
Depreciation and amortisation	–	(13,364)	(6,900)	–	(771)
Impairment (Note 6)	(400)	–	–	–	–
Exchange differences	–	3,840	41	(14,229)	(417)
Net book value at					
30th June 2023	1,726	465,607	20,133	578,011	35,274

14. INVENTORIES

	Unaudited 30th June 2024 HK\$'000	Audited 31st December 2023 HK\$'000
Properties under development (within normal operating cycle)	20,243	166,490
Properties held for sale	339,042	201,207
Other inventories	1,540	1,623
	360,825	369,320
Properties under development (beyond normal operating cycle)	132,748	133,695

15. TRADE RECEIVABLES

	Unaudited 30th June 2024 HK\$'000	Audited 31st December 2023 HK\$'000
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
	202,865	258,420
Loss allowance	(430)	(483)
	202,435	257,937

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.

15. TRADE RECEIVABLES (CONTINUED)

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 HK\$'000	Audited 31st December 2023 HK\$'000
0 – 30 days	200,320	255,655
31 – 60 days	511	491
61 – 90 days	96	310
Over 90 days	1,508	1,481
	202,435	257,937

16. TRADE AND OTHER PAYABLES

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

16. TRADE AND OTHER PAYABLES (CONTINUED)

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

17. BORROWINGS

	Unaudited 30th June 2024 HK\$'000	Audited 31st December 2023 HK\$'000
Non-current		
Bank loans – secured	33,736	48,321
Current		
Bank loans – secured	125,531	125,656
Bank loan – unsecured	–	10,000
	125,531	135,656
	159,267	183,977

As at 30th June 2024, the Group has pledged properties, investment properties, leasehold land and land use rights and properties held for sale with an aggregate net carrying value of approximately HK\$564 million (31st December 2023: HK\$570 million) and fixed deposits of approximately HK\$15 million (31st December 2023: HK\$15 million) to secure bank borrowings.

Bank borrowings are either repayable on demand or will mature and be repayable in July 2024 to December 2029 and bear floating interest rates. The weighted average effective interest rate at 30th June 2024 was 6.04% (31st December 2023: 6.59%) per annum. The carrying amounts of borrowings approximate their fair values. Out of the total amount, approximately HK\$108,000,000 (31st December 2023: HK\$118,000,000) and HK\$51,267,000 (31st December 2023: HK\$65,977,000) are denominated in Hong Kong dollars and Renminbi, respectively.

18. SHARE CAPITAL

	Unaudited 30th June 2024		Audited 31st December 2023	
	Number of shares (thousands)	HK\$'000	Number of shares (thousands)	HK\$'000
Ordinary shares, issued and fully paid:				
At beginning of the period	2,190,680	1,265,591	1,564,771	1,199,345
Issue of shares (<i>Note</i>)	–	–	625,909	66,246
At end of the period	2,190,680	1,265,591	2,190,680	1,265,591

Note:

On 16th November 2023, the Company completed an open offer on the basis of two new shares of the Company for every five existing shares of the Company held on 12th October 2023 at a subscription price of HK\$0.11 per share and issued 625,908,544 new shares.

The transaction costs in relation to issue of shares of approximately HK\$2,603,000 was debited to equity under share premium account during the year ended 31st December 2023.

19. DISPOSAL OF SUBSIDIARIES

During the period, 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* ("ZCIC"), an indirect non-wholly owned subsidiary, to an independent third party, at a cash consideration of approximately RMB38,375,000 and RMB5,630,000 respectively. The net assets value of ZCIC on disposal date was amounted approximately to HK\$3,443,000 (including cash and cash equivalents of approximately HK\$566,000). The Group recorded a gain on disposal amounted to approximately HK\$64,536,000 for the six months ended 30th June 2024.

* For identification purpose only

19. DISPOSAL OF SUBSIDIARIES (CONTINUED)

During the period, the Group had also completed another disposal of the entire equity interest in an indirect non-wholly owned subsidiary, to a related party, at a cash consideration of approximately HK\$3,500,000. The net liabilities value of the disposed subsidiary on disposal date was amounted approximately to HK\$1,174,000 (including cash and cash equivalents of approximately HK\$19,000). The Group recorded a gain on disposal of approximately HK\$1,410,000 for the six months ended 30th June 2024 and the consideration receivable of approximately HK\$1,400,000 was recorded as other receivables as at 30th June 2024.

20. COMMITMENTS

(a) *Capital commitments for property, plant and equipment, leasehold land and land use rights and properties under development:*

	Unaudited 30th June 2024 HK\$'000	Audited 31st December 2023 HK\$'000
Contracted but not provided for	308,575	323,223

(b) *Commitments under operating leases*

The future aggregate minimum lease receivables under non-cancellable operating leases in respect of investment properties as follows:

	Unaudited 30th June 2024 HK\$'000	Audited 31st December 2023 HK\$'000
Not later than one year	17,240	16,782
Later than one year but not later than five years	18,203	17,482
More than five years	3,848	4,676
	39,291	38,940

21. CONTINGENT LIABILITIES

	Unaudited 30th June 2024 HK\$'000	Audited 31st December 2023 HK\$'000
Guarantees for mortgage facilities granted to certain property purchasers of the Group's properties (<i>Note (i)</i>)	15,296	20,751

Notes:

- (i) *The Group has provided guarantees in respect of mortgage facilities granted by certain banks relating to mortgage loans arranged for certain purchasers of the Group's properties in the PRC. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group will be responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks whilst the Group will then be entitled to take over the legal title and possession of the related properties. Such guarantees will terminate upon issuance of the relevant property ownership certificates.*
- (ii) *As at 30th June 2024, the Group was involved in a litigation for which the claimant demanded the Group for settlement of certain construction costs payable which had been fully accounted for by the Group in prior years. In addition, the claimant also demanded for certain penalty charges and related legal costs. Taking into account the latest legal advice, a provision amounting to HK\$46 million was recognised in "other payable" as at 30th June 2024 (31st December 2023: HK\$44 million).*

22. RELATED PARTY TRANSACTIONS

(a) *The key management compensation is disclosed as follows:*

	Unaudited	
	Six months ended 30th June	
	2024	2023
	HK\$'000	HK\$'000
Fees	960	837
Salaries and other employee benefits	5,657	5,588
Retirement benefit costs	497	488
	7,114	6,913

(b) The loan from a related party of HK\$30,000,000 was interest bearing at 4% per annum, denominated in Hong Kong Dollars and has been repaid during the year ended 31st December 2023. The relevant interest amount for the six months ended 30th June 2024 was HK\$Nil (2023: HK\$595,000).

The loan from a related party of HK\$4,989,000 was interest bearing at 7% per annum, denominated in Renminbi and has been repaid during the period. The relevant interest amount for the six months ended 30th June 2024 was HK\$Nil (2023: HK\$121,000).

(c) During the period, the Group completed a disposal of the entire equity interest in an indirect non-wholly owned subsidiary to a related party at a cash consideration of approximately HK\$3,500,000. For details, please refer to Note 19.

23. FINANCIAL RISK MANAGEMENT

23.1 *Financial risk factors*

The Group's activities are exposed to a variety of financial risks: credit risk, liquidity risk and market risks (including foreign exchange risk, interest rate risk and price risk).

This unaudited condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31st December 2023.

There have been no changes in the risk management responsible departments since year end or in any risk management policies.

23.2 *Fair value estimation*

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the unaudited financial assets that are measured at fair value at 30th June 2024.

	Unaudited		
	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
Financial assets at fair value through profit or loss			
– listed securities	1	–	1
– unlisted wealth management products	–	8,042	8,042
Financial assets at fair value through other comprehensive income			
– unlisted securities	–	25,497	25,497
	1	33,539	33,540

23. FINANCIAL RISK MANAGEMENT (CONTINUED)**23.2 Fair value estimation (continued)**

The following table presents the audited financial assets that are measured at fair value at 31st December 2023.

	Audited		
	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
Financial assets at fair value through profit or loss			
– listed securities	1	–	1
– unlisted wealth management products	–	7,933	7,933
Financial assets at fair value through other comprehensive income			
– unlisted securities	–	28,214	28,214
	1	36,147	36,148

For the six months ended 30th June 2024, there were no transfers of financial assets between level 1 and level 2 fair value hierarchy classifications.

23.3 Group's valuation processes

The Group's finance department performs the valuations of financial assets required for financial reporting purposes: reports, discusses and explains the reasons for the fair value movements to the Chief Financial Officer at least once for each reporting date.

The fair values of the following financial assets and liabilities approximate to their carrying amounts:

- loans and advances;
- trade receivables;
- other receivables and deposits;
- deposits with banks, client trust bank balances and cash and bank balances;
- trade and other payables; and
- borrowings.

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

As at 30th June 2024, the interests of each director and chief executive in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as notified to the Company were as follows:

Interests in respect of the Company:

Directors		Number of shares and underlying shares held			% of issued share capital of the Company
		Personal interests	Corporate interests	Total	
Mr. LO Yuen Yat (Note)	Long position	161,304,105	1,008,235,742	1,169,539,847	53.39%
Mr. YEUNG Wai Kin	Long position	21,758,693	–	21,758,693	0.99%
Mr. ZHOU Xiaohu	Long position	160,000	–	160,000	0.01%

No directors and chief executives have any interest of short positions in any share or underlying shares of the Company.

Note: 119,193,530 shares, 888,689,298 shares and 352,914 shares are held by Kinmoss Enterprises Limited (“Kinmoss”), China Assets (Holdings) Limited (“China Assets”) and New Synergies Investments Company Limited (“New Synergies”) respectively. Kinmoss is a company wholly owned by Mr. LO Yuen Yat. China Assets is a company with 40% equity interests indirectly owned by Mr. LO Yuen Yat through New Synergies and New Synergies is a company with 40% equity interests directly owned by Mr. LO Yuen Yat.

Save as disclosed above, as at 30th June 2024, none of the directors and chief executives (including their spouse and children under 18 years of age) had any interest in shares, underlying shares and debentures of the Company, its specified undertaking and its other associated corporation required to be disclosed pursuant to the SFO and the Hong Kong Companies Ordinance (Cap. 622).

SHARE OPTIONS

Upon the expiry of the 2014 share option scheme (the “2014 scheme”) on 22nd May 2024, the shareholders of the Company approved the termination of the 2014 scheme and the adoption of a new scheme (the “2024 scheme”) on 24th May 2024, with the requirements of the amended Chapter 17 of The Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) which has taken effect on 1st January 2023. The purpose of the scheme is to assist in recruiting, retaining and motivating key staff members. Under the terms of the 2024 scheme, the directors have the discretion to grant to employees and directors of any member of the Group to subscribe for shares in the Company. The 2024 scheme will remain in force for a period of 10 years from the date of adoption.

DISCLOSURE OF INTERESTS

SHARE OPTIONS (CONTINUED)

No share options were granted, exercised, lapsed or outstanding under the 2014 scheme and the 2024 scheme during the six months ended 30th June 2024.

The accounting policy adopted for share options is consistent with that as described in the annual financial statements for the year ended 31st December 2023.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30th June 2024, the Company had been notified of the following substantial shareholder's interests, holding 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors.

Ordinary shares in the Company:

		Personal interests	Family interests	Other interests	Total	% of issued share capital of the Company
Ms. CHAN Chiu, Joy ("Ms. Chan") (Note)	Long position	61,576,000	12,432,000	63,640,000	137,648,000	6.28%
Mr. YIN Jian, Alexander ("Mr. Yin") (Note)	Long position	12,432,000	61,576,000	63,640,000	137,648,000	6.28%

Note: 63,640,000 shares are held by The Golden Bridge Settlement, a trust with Ms. Chan and Mr. Yin as beneficiaries.

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.

INTERIM DIVIDEND

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 Xiaohu 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.

By order of the Board
LO Yuen Yat
Chairman

Hong Kong, 30th August 2024