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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 2023

#### 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 2023 together with the comparative figures for the corresponding period last year as follows:

#### CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Unaudited	
		Six months ended 30th June	
		2023	2022
		HK\$'000	HK\$'000
Revenue	4	157,072	175,337
Cost of sales		(52,438)	(76,399)
Gross profit		104,634	98,938
Other (losses)/gains – net	5	(3,339)	6,541
Selling, general and administrative expenses		(127,153)	(141,561)
Operating loss	4 and 6	(25,858)	(36,082)
Finance income		47,221	10,761
Finance costs		(20,047)	(6,653)
Finance income – net		27,174	4,108
Profit/(loss) before taxation		1,316	(31,974)
Taxation	7	(4,720)	(1,416)
Loss for the period		(3,404)	(33,390)
<b>Attributable to:</b>			
Shareholders of the Company		(1,931)	(33,237)
Non-controlling interests		(1,473)	(153)
		(3,404)	(33,390)
<b>Losses per share attributable to shareholders of the Company</b>			
– Basic	8	<u>HK(0.12) cents</u>	<u>HK(2.12) cents</u>
– Diluted	8	<u>HK(0.12) cents</u>	<u>HK(2.12) cents</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>Unaudited</b>	
	<b>Six months ended 30th June</b>	
	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period	<u>(3,404)</u>	<u>(33,390)</u>
Other comprehensive loss		
<i>Items that have been reclassified or may be subsequently reclassified to profit or loss</i>		
– Currency translation differences	(13,009)	(58,947)
<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	(8,521)	(19,353)
– Currency translation differences	<u>(1,982)</u>	<u>–</u>
Other comprehensive loss for the period, net of tax	<u>(23,512)</u>	<u>(78,300)</u>
Total comprehensive loss for the period	<u>(26,916)</u>	<u>(111,690)</u>
<b>Attributable to:</b>		
Shareholders of the Company	(23,461)	(108,266)
Non-controlling interests	<u>(3,455)</u>	<u>(3,424)</u>
	<u>(26,916)</u>	<u>(111,690)</u>

## CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited 30th June 2023	Audited 31st December 2022
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets</b>			
Intangible assets		1,726	2,126
Property, plant and equipment		465,607	471,935
Right-of-use assets		20,133	26,574
Investment properties		578,011	604,704
Leasehold land and land use rights		35,274	36,462
Properties under development		131,410	135,633
Deferred tax assets		47	204
Financial assets at fair value through other comprehensive income		32,083	40,604
Other non-current prepayments and deposits		2,383	1,986
		<u>1,266,674</u>	<u>1,320,228</u>
<b>Total non-current assets</b>			
<b>Current assets</b>			
Inventories		356,104	355,203
Loans and advances		1,063,812	1,072,680
Trade receivables	10	122,291	150,217
Other receivables, prepayments and deposits		51,716	59,048
Tax recoverable		7,391	8,292
Financial assets at fair value through profit or loss		15,468	4,262
Deposits with banks		6,291	5,597
Client trust bank balances		2,474,098	2,678,227
Cash and bank balances		256,636	246,997
		<u>4,353,807</u>	<u>4,580,523</u>
<b>Total current assets</b>			
<b>Current liabilities</b>			
Trade and other payables	11	2,923,128	3,150,436
Tax payable		44,489	44,741
Lease liabilities		11,299	13,269
Borrowings		153,965	153,597
		<u>3,132,881</u>	<u>3,362,043</u>
<b>Total current liabilities</b>			
<b>Net current assets</b>		<u>1,220,926</u>	<u>1,218,480</u>
<b>Total assets less current liabilities</b>		<u>2,487,600</u>	<u>2,538,708</u>

	<b>Unaudited</b>	Audited
	<b>30th June</b>	31st December
	<b>2023</b>	2022
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current liabilities</b>		
Deferred tax liabilities	<b>58,101</b>	60,836
Lease liabilities	<b>9,698</b>	14,324
Borrowings	<b>66,585</b>	83,278
Other non-current liabilities	<b>262</b>	257
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<b>Total non-current liabilities</b>	<b>134,646</b>	158,695
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<b>Net assets</b>	<b>2,352,954</b>	2,380,013
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<b>Equity</b>		
Share capital	<b>1,199,345</b>	1,199,345
Reserves	<b>1,093,982</b>	1,117,443
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Capital and reserves attributable to the Company's shareholders	<b>2,293,327</b>	2,316,788
Non-controlling interests	<b>59,627</b>	63,225
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<b>Total equity</b>	<b>2,352,954</b>	2,380,013
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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, medical and healthcare services, 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 2022 that is included in the condensed consolidated financial information for the six months ended 30th June 2023 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 2022 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 31st August 2023.

### 2. BASIS OF PREPARATION

This unaudited condensed consolidated financial information for the six months ended 30th June 2023 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 2022, 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 2022, 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 1 January 2023. 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

Starting from last year, the Group focuses on the operating decisions and the performance evaluation of three reportable segments which are Financial services, Property development and Property investment and hotel. Medical and healthcare and Direct investment are no longer considered as separate reportable segments and have been aggregated into Other businesses. The change in the basis of internal reports to the chief operating decision maker is to combine segments with similar economic characteristics for the purpose of a more efficient resources allocation and performance assessment. As a result of the above re-alignment, comparative figures presented have also been restated to conform to current period’s presentation.

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 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 results of the Group for the six months ended 30th June 2022 are as follows:

	Unaudited				HK\$'000
	Financial services HK\$'000	Property development HK\$'000	Property investment and hotel HK\$'000	Other businesses HK\$'000 (Restated)	
Revenue	<u>93,536</u>	<u>7,362</u>	<u>61,373</u>	<u>13,066</u>	<u>175,337</u>
Segment results	<u>23,215</u>	<u>(8,271)</u>	<u>(17,917)</u>	<u>(14,637)</u>	<u>(17,610)</u>
Unallocated net operating expenses					<u>(18,472)</u>
Operating loss					<u>(36,082)</u>
Finance income – net					<u>4,108</u>
Loss before taxation					<u>(31,974)</u>

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

The unaudited segment assets of the Group as at 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	
Segment assets	3,859,316	569,689	1,117,328	49,340	5,595,673
Tax recoverable					7,391
Deferred tax assets					47
Corporate assets					17,370
Total assets					<u>5,620,481</u>

The audited segment assets of the Group as at 31st December 2022 are as follows:

	Audited				HK\$'000
	Financial services HK\$'000	Property development HK\$'000	Property investment and hotel HK\$'000	Other businesses HK\$'000	
Segment assets	4,095,707	566,012	1,144,375	67,808	5,873,902
Tax recoverable					8,292
Deferred tax assets					204
Corporate assets					18,353
Total assets					<u>5,900,751</u>

## 5. OTHER (LOSSES)/GAINS – NET

	Unaudited	
	Six months ended 30th June 2023 HK\$'000	2022 HK\$'000
Gain/(loss) on disposal of investment properties	159	(64)
Fair value losses on investment properties	(3,608)	(5,564)
(Loss)/gain on disposal of property, plant and equipment	(308)	12,479
Impairment of intangible assets	(400)	–
Net foreign exchange gain/(loss)	818	(310)
	<u>(3,339)</u>	<u>6,541</u>



## 6. OPERATING LOSS

The following items have been charged to the operating loss during the interim period:

	Unaudited	
	Six months ended 30th June	
	2023	2022
	HK\$'000	HK\$'000
Depreciation	20,264	23,008
Amortisation of leasehold land and land use rights	771	819
Net losses on impairment of financial assets	2,878	1,200
Staff costs	95,189	106,813
	<u>          </u>	<u>          </u>

## 7. TAXATION

The amount of taxation charged to the condensed consolidated income statement represents:

	Unaudited	
	Six months ended 30th June	
	2023	2022
	HK\$'000	HK\$'000
Hong Kong profits tax		
– Current	2,390	74
– Under provision in previous years	–	376
Overseas profits tax		
– Current	476	875
– (Over)/under provision in previous years	(17)	523
Land appreciation tax	2,892	1,672
Deferred taxation	(1,021)	(2,104)
	<u>          </u>	<u>          </u>
Taxation charge	4,720	1,416

## 8. LOSSES PER SHARE

The calculation of basic and diluted losses per share is based on the Group's loss attributable to shareholders of approximately HK\$1,931,000 (2022: HK\$33,237,000). The basic losses per share is based on the weighted average number of 1,564,771,361 (2022: 1,564,316,686) shares in issue during the period.

For the six months ended 30th June 2023 and 2022, diluted losses per share is the same as the basic 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 2023 (2022: Nil).

## 10. TRADE RECEIVABLES

	<b>Unaudited 30th June 2023 HK\$'000</b>	<b>Audited 31st December 2022 HK\$'000</b>
Due from stockbrokers and clearing houses	<b>83,154</b>	64,471
Due from stockbroking clients	<b>29,128</b>	78,592
Trade receivables – others	<b>24,115</b>	21,725
	<b>136,397</b>	164,788
Loss allowance	<b>(14,106)</b>	(14,571)
	<b>122,291</b>	150,217

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 2023 and 31st December 2022, the ageing analysis of trade receivables based on invoice date is as follows:

	<b>Unaudited 30th June 2023 HK\$'000</b>	<b>Audited 31st December 2022 HK\$'000</b>
0 – 30 days	<b>115,201</b>	143,959
31 – 60 days	<b>739</b>	5,270
61 – 90 days	<b>225</b>	46
Over 90 days	<b>6,126</b>	942
	<b>122,291</b>	150,217

## 11. TRADE AND OTHER PAYABLES

	<b>Unaudited</b> <b>30th June</b> <b>2023</b> <i>HK\$'000</i>	Audited 31st December 2022 <i>HK\$'000</i>
Due to stockbrokers and dealers	<b>18,911</b>	31,431
Due to stockbroking clients and clearing houses	<b>2,515,462</b>	2,754,995
Trade payables	<b>139,860</b>	147,892
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Total trade payables	<b>2,674,233</b>	2,934,318
Contract liabilities	<b>83,187</b>	53,180
Accruals and other payables	<b>165,708</b>	162,938
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	<b>2,923,128</b>	3,150,436
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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\$2,474,098,000 (31st December 2022: HK\$2,678,227,000).

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 2023 and 31st December 2022, the ageing analysis of trade payables based on invoice date is as follows:

	<b>Unaudited</b> <b>30th June</b> <b>2023</b> <i>HK\$'000</i>	Audited 31st December 2022 <i>HK\$'000</i>
0 – 30 days	<b>7,451</b>	7,133
31 – 60 days	<b>5,232</b>	8,500
61 – 90 days	<b>1,469</b>	1,260
Over 90 days	<b>125,708</b>	130,999
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	<b>139,860</b>	147,892
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## **MARKET OVERVIEW**

In the first half of 2023, the global economy appeared poised for a gradual recovery, following the fraught period of economic slowdown, geopolitical realignments, high inflation rate, volatile financial markets and aggressive interest rate hikes over the past few years. Global economic growth rate was hindered by persistent labour shortage, stubborn core inflation rate and the continuous interest rates increase by major central banks, despite the improvement in supply chains and decline in energy prices. The sluggish recovery path appeared from global manufacturing to servicing sectors, impeding corporate returns and global financial markets.

In China, following the decision of the Central Government in late 2022 with lifting of the stringent zero-COVID controls, retail consumption bloomed at early 2023, though not to a quick return to pre-pandemic conditions. However, the general economic recovery witnessed a weak momentum suffering from the prolonged disruptions to the supply chain during the pandemic period and the continuous US-China trade tensions. The continuous concerns on local government debt and liquidity problems of major property developers further weakened market confidence. To cope with this situation, the Central Government has implemented more aggressive fiscal and monetary policies so as to stimulate consumer spending and enhance economic activities. The economy of Hong Kong was also adversely affected by the rising interest rates, the shortage of labour and the slow economic recovery.

## **BUSINESS OVERVIEW**

The Group adheres to its strategic business model and dedicates its efforts and resources to accelerating growth in its core businesses, primarily the Financial Services Sector and the Property and Hotel Sector.

During the reporting period, the global financial markets including Hong Kong remained volatile. Major overseas markets advanced while Hang Seng Index dropped by 4.4% and closed at 18,916. Market concerns focused on worries about inflation and possible economic recession as well as the geopolitical conflicts. The banking sector turmoil in the US and Europe and the uncertainties about the liquidity and credit conditions of the property sector in Chinese Mainland hindered performance of the financial markets. Investors' willingness to invest was affected by market turbulence, resulting in a year-on-year decline in market turnover. In the first half of 2023, average daily market turnover decreased by 16% from approximately HK\$138 billion to approximately HK\$116 billion. The performance of our Financial Services Sector was significantly affected by the slowdown in the Hong Kong IPO and secondary market. During the reporting period, reduction in brokerage and underwriting commission income was reported, though partially offset by the slight increase in margin loan interest income due to the continuous interest rate hikes.

During the first half of 2023, benefited from the lifting of the stringent pandemic controls and travel restrictions, results from our property and hotel business recovered slightly, particularly from sales of property. However, the performance of our hotel business was affected by the major ad hoc renovation project of our hotel in Paris during the reporting period. We expect the situation will be improved in the second half of 2023 following the reopening of the hotel in June. The reporting result was further improved with the reduction on fair value losses of the investment properties.

## **FINANCIAL REVIEW**

For the six months ended 30th June 2023, the Group reported a net loss attributable to shareholders of approximately HK\$2 million, representing a decrease of 94% as compared to the net loss approximately HK\$33 million reported from the corresponding period of 2022. The significant drops on the Group's net loss in the first half of 2023 was mainly attributable to (a) the closure of the medical centre in 2022 and hence no material operating expenses were incurred from the medical and healthcare business in 2023, and (b) increase in net interest income due to interest rate hikes. However, these impacts were partially offset by the decrease in brokerage and underwriting commission income from Financial Services Sector due to the slowdown in IPO and secondary market. Furthermore, the property and hotel business in Chinese Mainland remained challenging in the first half of 2023 due to global economic uncertainties and the concern on the liquidity problems of various major property developers. The basic losses per share attributable to the shareholders of the Company was HK0.12 cents. Revenue of the Group was approximately HK\$157 million, representing a decrease of 10% over the corresponding period of 2022, tracking to decline of revenue from medical and healthcare business, securities brokerage income, and the hotel business. Total net assets of the Group reported a decrease by 1% to approximately HK\$2,352 million when compared with approximately HK\$2,380 million as at 31st December 2022.

## **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 2023, the operating profit reported from Financial Services Sector decreased by 58% when compared with the corresponding period in 2022. This was mainly attributable to the decline in brokerage and underwriting income.

The performance of the securities market in the first half of 2023 was affected by various adverse factors, including rising interest rates and disruptions in the real economy driven by geopolitics. Hang Seng Index dropped from this year high of 22,700 in January 2023, and closed at 18,916. In the first half of 2023, our brokerage business reported a decrease in commission income by 29%, which was adversely affected from the decline in average daily market turnover by 16%. However, the impact was partially offset by the increase in margin loan interest income by 13% due to interest rate hikes. Our corporate finance team continued to focus on IPO and financial advisory deals during the reporting period. For the six months ended 30th June 2023, we have completed three underwriting transactions and one financial advisory case. Income from advisory services increased by 10% as compared with the corresponding period in 2022. We have launched a fixed income fund in April 2023, and will continue to develop our fund management business.

## **Property and Hotel**

The Group's Property and Hotel Sector primarily involves in 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 2023, operating loss of HK\$15 million was reported from Property and Hotel Sector, decreased by 41% when compared with the corresponding period in 2022. This improvement was mainly attributable to the reduction of fair value losses on investment properties held in Wuxi and Huangshan and the increase on sales from Huangshan project during the reporting period.

For the six months ended 30th June 2023, operating revenue from property development operations increased by 71% as compared with the corresponding period in 2022 tracking to increase of properties sales in Huangshan following the relaxation of pandemic control measures.

For the six months ended 30th June 2023, operating revenue from property investment and management operations reported decreased by 4% as compared with the corresponding period in 2022 with reduction in rental income from Wuxi projects. For investment properties held by the Group, valuation loss reported reduction by 35% from HK\$5.6 million to HK\$3.6 million.

For the six months ended 30th June 2023, revenue from hotel and golf operations recorded a decrease of 11% as compared with the corresponding period in 2022 preliminary due to the decrease in room revenue from the Paris hotel upon the temporary closure of operation for the major ad hoc renovation project in the first half of 2023.

### **Other Businesses**

The Group's Other Businesses Sector includes medical and healthcare business and direct investment. For the reporting period, Other Businesses Sector recorded slight operation loss. Focusing our internal resources in the financial services business, there was no new direct investment launched in 2023.

### **PROSPECTS**

Looking ahead, the financial market will continue to be very volatile due to a combination of factors, such as the credit events of Chinese property developers, relaxation of domestic real estate policies, increased expectations of interest rate hikes by the US Federal Reserve, and mounting geopolitical tensions. We expect high core inflation, tightening labor market, change in post-pandemic consumer behavior and supply chain will continue to affect the core economic activities, especially in the Chinese manufacturing and servicing sectors. Turbulence in overall business environment will continue to affect the speed and path of recovery. We will continue to develop risk mitigation strategies to cope with the fast changing business environment.

As we expect the financial market will remain volatile, and will maintain a cautious and proactive approach regarding the risk and credit control of our operation and business development. Of particular note to the wave of digital transformation across various business operations during the pandemic period, we expect the trend will continue in future. The Group will persist to play an active role to drive the digitalization and automation process of our financial services to further enhance our customer experience and operating efficiency. We shall also pursue to enrich our product matrix and broaden our customer base to cope with market demands and continue to actively reinforce market knowledge and listen to the needs of our customers so as to seize business opportunity in a timely manner under the rapidly changing environment.

It is undeniable that the global economy will continue to face its challenges due to the high interest rate environment and continuous geopolitical tensions. We will stay vigilant of the uncertainties on the road to recovery ahead with disciplined cost control and prudent risk management measures. The Group will also endeavor to diversify its strategies so as to grasp all valuable business opportunities for the Group to advance its business model and to grow in the coming years.

## **MATERIAL ACQUISITION AND DISPOSAL**

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 2023 (2022: 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 14 (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 2023 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 10 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 2023.

## **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 2023 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, 31st August 2023