

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.



## 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 2021

#### 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 2021 together with the comparative figures for the corresponding period last year as follows:

#### CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited	
		Six months ended 30th June	
		2021	2020
	Note	HK\$'000	HK\$'000
Revenue	4	259,146	194,568
Cost of sales		(106,846)	(90,763)
Gross profit		152,300	103,805
Other losses – net	5	(14,870)	(7,527)
Selling, general and administrative expenses		(164,814)	(154,555)
Operating loss	4 and 6	(27,384)	(58,277)
Finance income		7,252	22,841
Finance costs		(18,893)	(14,925)
Finance (costs)/income – net		(11,641)	7,916
Loss before taxation		(39,025)	(50,361)
Taxation	7	7,987	8,614
Loss for the period		(31,038)	(41,747)
<b>Attributable to:</b>			
Shareholders of the Company		(31,954)	(40,987)
Non-controlling interests		916	(760)
		(31,038)	(41,747)
<b>Losses per share attributable to shareholders of the Company</b>			
– Basic	8	HK(2.25) cents	HK(2.89) cents
– Diluted	8	HK(2.25) cents	HK(2.89) cents

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>Unaudited</b>	
	<b>Six months ended 30th June</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Loss for the period	<u>(31,038)</u>	<u>(41,747)</u>
Other comprehensive loss		
<i>Items that have been reclassified or may be subsequently reclassified to profit or loss</i>		
– Exchange reserve realised upon disposal of a subsidiary	(2,345)	–
– Currency translation differences	(1,936)	(16,075)
<i>Items that will not be reclassified to profit or loss</i>		
– Fair value gain/(loss) on financial assets at fair value through other comprehensive income	<u>2,316</u>	<u>(28,641)</u>
Other comprehensive loss for the period, net of tax	<u>(1,965)</u>	<u>(44,716)</u>
Total comprehensive loss for the period	<u><u>(33,003)</u></u>	<u><u>(86,463)</u></u>
<b>Attributable to:</b>		
Shareholders of the Company	(34,857)	(84,222)
Non-controlling interests	<u>1,854</u>	<u>(2,241)</u>
	<u><u>(33,003)</u></u>	<u><u>(86,463)</u></u>

## CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited 30th June 2021 <i>HK\$'000</i>	Audited 31st December 2020 <i>HK\$'000</i>
	<i>Note</i>		
<b>Non-current assets</b>			
Intangible assets		5,126	5,126
Property, plant and equipment		624,048	651,641
Right-of-use assets		196,373	213,598
Investment properties		686,743	703,202
Leasehold land and land use rights		39,985	40,595
Properties under development		145,607	144,339
Deferred tax assets		53,306	52,568
Financial assets at fair value through other comprehensive income		81,639	79,323
Finance lease receivables		18,152	20,076
Other non-current prepayments and deposits		14,983	15,057
		1,865,962	1,925,525
<b>Total non-current assets</b>		1,865,962	1,925,525
<b>Current assets</b>			
Inventories		363,758	355,891
Loans and advances		3,924,251	990,988
Trade receivables	<i>10</i>	440,580	372,305
Other receivables, prepayments and deposits		51,073	61,911
Finance lease receivables		3,815	3,747
Tax recoverable		11,277	7,028
Financial assets at fair value through profit or loss		29	24
Deposits with banks		48,072	23,763
Client trust bank balances		2,700,477	2,682,142
Cash and bank balances		194,048	317,070
		7,737,380	4,814,869
<b>Total current assets</b>		7,737,380	4,814,869
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	3,444,664	3,329,795
Tax payable		53,262	48,686
Lease liabilities		48,264	45,532
Borrowings		2,985,143	167,325
		6,531,333	3,591,338
<b>Total current liabilities</b>		6,531,333	3,591,338
<b>Net current assets</b>		1,206,047	1,223,531
<b>Total assets less current liabilities</b>		3,072,009	3,149,056

	<i>Note</i>	<b>Unaudited 30th June 2021 HK\$'000</b>	<b>Audited 31st December 2020 HK\$'000</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		77,572	91,850
Lease liabilities		201,541	220,770
Borrowings		131,465	142,103
Other non-current liabilities		6,806	6,705
		<u>417,384</u>	<u>461,428</u>
<b>Total non-current liabilities</b>		<u>417,384</u>	<u>461,428</u>
<b>Net assets</b>		<u>2,654,625</u>	<u>2,687,628</u>
<b>Equity</b>			
Share capital		1,162,940	1,162,940
Reserves		1,408,100	1,442,957
		<u>2,571,040</u>	<u>2,605,897</u>
Capital and reserves attributable to the Company's shareholders		2,571,040	2,605,897
Non-controlling interests		83,585	81,731
		<u>2,654,625</u>	<u>2,687,628</u>
<b>Total equity</b>		<u>2,654,625</u>	<u>2,687,628</u>

# 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 operation, 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 2020 that is included in the condensed consolidated financial information for the six months ended 30th June 2021 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 2020 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 these 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 26th August 2021.

## 2. BASIS OF PREPARATION

This unaudited condensed consolidated financial information for the six months ended 30th June 2021 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 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

### **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 2020, as described in those annual financial statements.

- (a) There are no standards, amendments, revisions and interpretations to existing standards that are effective for the first time for this interim period that could be expected to have a material impact on the Group.
- (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
- Medical and healthcare
- Direct investment

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 2021 are as follows:

	Unaudited					HK\$'000
	Financial services HK\$'000	Property development HK\$'000	Property investment and hotel HK\$'000	Medical and healthcare HK\$'000	Direct investment HK\$'000	
Revenue	<u>162,879</u>	<u>16,644</u>	<u>55,447</u>	<u>22,080</u>	<u>2,096</u>	<u>259,146</u>
Segment results	<u>66,940</u>	<u>(2,467)</u>	<u>(33,801)</u>	<u>(39,181)</u>	<u>1,590</u>	(6,919)
Unallocated net operating expenses						<u>(20,465)</u>
Operating loss						<u>(27,384)</u>
Finance costs – net						<u>(11,641)</u>
Loss before taxation						<u>(39,025)</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 2020 are as follows:

	Unaudited					HK\$'000
	Financial services HK\$'000	Property development HK\$'000	Property investment and hotel HK\$'000	Medical and healthcare HK\$'000	Direct investment HK\$'000	
Revenue	<u>108,605</u>	<u>30,613</u>	<u>41,934</u>	<u>11,186</u>	<u>2,230</u>	<u>194,568</u>
Segment results	<u>28,165</u>	<u>5,160</u>	<u>(26,980)</u>	<u>(44,165)</u>	<u>(1,575)</u>	(39,395)
Unallocated net operating expenses						<u>(18,882)</u>
Operating loss						<u>(58,277)</u>
Finance income – net						<u>7,916</u>
Loss before taxation						<u>(50,361)</u>

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

The unaudited segment assets of the Group as at 30th June 2021 are as follows:

	<b>Unaudited</b>					<i>HK\$'000</i>
	<b>Financial services</b>	<b>Property development</b>	<b>Property investment</b>		<b>Direct investment</b>	
			<b>and hotel</b>	<b>Medical and healthcare</b>		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment assets	7,162,622	646,224	1,328,211	295,148	88,579	9,520,784
Tax recoverable						11,277
Deferred tax assets						53,306
Corporate assets						17,975
<b>Total assets</b>						<b><u>9,603,342</u></b>

The audited segment assets of the Group as at 31st December 2020 are as follows:

	<b>Audited</b>					<i>HK\$'000</i>
	<b>Financial services</b>	<b>Property development</b>	<b>Property investment</b>		<b>Direct investment</b>	
			<b>and hotel</b>	<b>Medical and healthcare</b>		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment assets	4,223,783	665,875	1,366,855	318,669	86,387	6,661,569
Tax recoverable						7,028
Deferred tax assets						52,568
Corporate assets						19,229
<b>Total assets</b>						<b><u>6,740,394</u></b>

## 5. OTHER LOSSES — NET

	<b>Unaudited</b>	
	<b>Six months ended 30th June</b>	
	<b>2021</b>	<b>2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gain/(loss) on disposal of investment properties	27	(128)
Gain on disposal of a subsidiary	2,356	–
Fair value losses on investment properties	(24,572)	(7,016)
Gain/(loss) on disposal of property, plant and equipment	704	(15)
Net gain on disposal of right-of-use assets	–	2,504
Net foreign exchange gain/(loss)	6,615	(2,872)
	<b><u>(14,870)</u></b>	<b><u>(7,527)</u></b>

## 6. OPERATING LOSS

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

	Unaudited	
	Six months ended 30th June	
	2021	2020
	HK\$'000	HK\$'000
Depreciation	45,102	46,540
Amortisation of leasehold land and land use rights	816	756
Net losses on impairment of financial assets	244	2,438
Staff costs	125,846	108,256
	<u>125,846</u>	<u>108,256</u>

## 7. TAXATION

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

	Unaudited	
	Six months ended 30th June	
	2021	2020
	HK\$'000	HK\$'000
Hong Kong profits tax		
– Current	3,504	1,244
– Over-provision in previous years	–	(122)
Overseas profits tax		
– Current	3,404	2,497
– Over-provision in previous years	(2)	(1)
Land appreciation tax	621	2,043
Deferred taxation	(15,514)	(14,275)
	<u>(7,987)</u>	<u>(8,614)</u>
Taxation credit	<u>(7,987)</u>	<u>(8,614)</u>

## 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\$31,954,000 (2020: HK\$40,987,000). The basic losses per share is based on the weighted average number of 1,418,973,012 (2020: 1,418,973,012) shares in issue during the period.

For the six months ended 30th June 2021 and 2020, 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 2021 (2020: Nil).

## 10. TRADE RECEIVABLES

	<b>Unaudited 30th June 2021 HK\$'000</b>	<b>Audited 31st December 2020 HK\$'000</b>
Due from stockbrokers and clearing houses	<b>220,245</b>	242,724
Due from stockbroking clients	<b>211,093</b>	122,761
Trade receivables – others	<b>25,262</b>	22,646
	<b>456,600</b>	388,131
Loss allowance	<b>(16,020)</b>	(15,826)
	<b>440,580</b>	372,305

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 2021 and 31st December 2020, the ageing analysis of trade receivables based on invoice date is as follows:

	<b>Unaudited 30th June 2021 HK\$'000</b>	<b>Audited 31st December 2020 HK\$'000</b>
0–30 days	<b>436,403</b>	368,929
31–60 days	<b>1,489</b>	1,278
61–90 days	<b>1,213</b>	874
Over 90 days	<b>1,475</b>	1,224
	<b>440,580</b>	372,305

## 11. TRADE AND OTHER PAYABLES

	Unaudited 30th June 2021 <i>HK\$'000</i>	Audited 31st December 2020 <i>HK\$'000</i>
Due to stockbrokers and dealers	121,532	72,179
Due to stockbroking clients and clearing houses	2,983,098	2,921,963
Trade payables	<u>175,294</u>	<u>172,380</u>
Total trade payables	3,279,924	3,166,522
Contract liabilities	31,365	29,299
Accruals and other payables	<u>133,375</u>	<u>133,974</u>
	<u><u>3,444,664</u></u>	<u><u>3,329,795</u></u>

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

Trade and other payables to stockbroking clients also include those payables placed in trust and segregated accounts with authorised institutions of HK\$2,700,477,000 (31st December 2020: HK\$2,682,142,000).

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 2021 and 31st December 2020, the ageing analysis of trade payables based on invoice date is as follows:

	Unaudited 30th June 2021 <i>HK\$'000</i>	Audited 31st December 2020 <i>HK\$'000</i>
0–30 days	90,475	108,463
31–60 days	2,331	6,447
61–90 days	1,080	1,473
Over 90 days	<u>81,408</u>	<u>55,997</u>
	<u><u>175,294</u></u>	<u><u>172,380</u></u>

## **MARKET OVERVIEW**

In the first half of 2021, the COVID-19 pandemic continued to pose uncertainties to the global development. The imposition of extended mandatory quarantine requirements at the beginning of the year highly hindered business activities across the world. Benefited from increase in vaccination rate, certain western countries relaxed their epidemic prevention and control measures after spring, aiming to gradually resume community lifestyle and business activities. In Chinese Mainland, there still reported sporadic outbreaks in some provinces and cities. Implemented by the Central Government with zero-tolerance prevention and control measures from overseas imported cases, general society and most business activities resumed normal. In Hong Kong, the travel restrictions and the imposition of mandatory quarantine requirements since late 2020 continued to place pressure on local consumption, despite recovery was noted since May, tracking to the implementation of public vaccination program.

While most countries maintained normalized epidemic prevention measures and controls, consumer confidence and spending, corporate earnings and unemployment rate reported gradual improvement. During the reporting period, the US Federal Reserve and most central banks pledged to maintain low interest rates policies. The large scale fiscal stimulus and expectations for sustained economic recovery supported market sentiment that led to record high on major indices in the US. In Chinese Mainland, remarked by solid economic data and corporate earnings, financial markets also reported boosting trading activities, despite the continuous market concerns on supply chain disruptions and Sino-US trade tension.

## **BUSINESS OVERVIEW**

The Group adheres to its strategic business model and dedicates its efforts and resources to accelerating growth in various major business sectors, including Financial Services Sector, Property and Hotel Sector, Medical and Healthcare Sector and Direct Investment Sector.

In the first half of 2021, the global financial market remained volatile under the impact of the COVID-19 pandemic and Sino-US trade tension. Markets continued to be sensitive to the development of the pandemic and pace of economic recovery. Fruitful with stabilization of the pandemic upon rollouts of vaccination and expectations on economic recovery, major indices in the US and major European countries advanced gain. Solid economic data and corporate earnings paced gains on major indices in Chinese Mainland. In Hong Kong, despite gain on improving pandemic situation, performance of financial markets was fluctuated with concerns about the possible withdrawal of supportive monetary measures implemented by major central banks. The performance of the Financial Services Sector was benefited with boost in market trading volume and the blooming IPO market, leading to increase in overall brokerage commission income and IPO loan interest income. On the other hand, impeded by delay in large scale corporate activities, results from underwriting and corporate financing business were still unsatisfactory. Despite concerns about market volatility, with improvement on market appetite, our average margin loan size reported slight increase, surging revenue generated on margin loan business.

Property and Hotel Sector was the most affected business sector of the Group under the COVID-19 epidemic. For the first half of 2021, prolonged with stringent prevention and control measures and general travel restrictions in Europe, hotel and beverage businesses in Paris were shutdown thus reported pronounced operating loss. Committed to maintain property sales volume in Wuxi, reduction on selling price and thus total revenue was reported. Revenue from property sales was further reduced with drop in sales volume in Huangshan. In addition, suffering from the property price drop, the Group recognized valuation loss during the reporting period.

Our Medical and Healthcare Sector was still affected by the COVID-19 pandemic in 2021 but the demand for medical services gradually resumes since March 2021. Besides, the demand for our COVID-19 testing and vaccination services, as well as pre-vaccination assessment service is encouraging. Following the recovery of the medical and healthcare market, we have put in more resources in brand building, business development and enhancement of the IT system. Operating result was slightly improved attributable to increase in health check and endoscopy business.

## **FINANCIAL REVIEW**

For the six months ended 30th June 2021, the Group reported a net loss attributable to shareholders of approximately HK\$32 million, representing 22% reduction as compared to approximately HK\$41 million reported from the corresponding period of 2020. This result was attributable to the surge of brokerage income and margin loan interest income from Financial Services Sector with improvement on market sentiment. Furthermore, hotel business in Chinese Mainland and medical and healthcare business in Hong Kong were slightly recovered after the drop of COVID-19 cases, which led to the relaxation of quarantine policies. People's vigilance and economic activities gradually resumed. The overall recovered result was partially offset by the increase in fair value loss of our investment properties and slow down of properties sales in Huangshan. The basic losses per share attributable to the shareholders of the Company was HK2.25 cents. Revenue of the Group was approximately HK\$259 million, representing an increase of 33% over the corresponding period of 2020, tracking to improvement of revenue from securities brokerage income, margin loan interest income, hotel operation as well as medical and healthcare business, despite the drop of sales on properties had been reported. Total net assets of the Group reported slight decrease by 1% to approximately HK\$2,655 million when compared with approximately HK\$2,688 million as at 31st December 2020.

## **Financial Services**

The Group's Financial Services Sector provides a full range of financial services including securities investment, securities broking, margin financing, corporate finance, underwriting and placements, asset management and wealth management. For the first half of 2021, the operating profit reported from Financial Services Sector increased by 138% when compared with the corresponding period in 2020. This was mainly attributable to the surge of brokerage income and margin loan interest income. The impact was partially offset by the decrease in advisory fee income.

The Hong Kong stock market continued the upward trends from 2020. Pandemic situation stabilized after the vaccination progress improved. Market sentiment is optimistic with the expectation of worldwide economic recovery. Hang Seng Index hit 31,000 in early 2021, despite the subsequent outbreak of new COVID-19 variants and rebound of COVID-19 cases. Thereafter, investors were clouded with economic and regulatory uncertainties implemented by the Central Government. Hang Seng Index dropped from this year high to around 27,700 in May 2021, and closed at 28,828. In the first half of 2021, the average daily market turnover increased by 60% from HK\$118 billion to HK\$188 billion. During the reporting period, our brokerage business, tracking the market trend and increase in trading volume on US market, reported an increase in brokerage commission income by 64%. The increasing trend was further contributed by the blooming IPO market. During the reporting period, total fund raised by IPO was doubled from HK\$93 billion to HK\$210 billion. Margin loan interest income was raised by 48% following the increased market activities.

Our corporate finance team continued to focus on IPO and financial advisory deals during the reporting period. For the six months ended 30th June 2021, we have completed five financial advisory cases. In addition, three IPO cases were under processing. Income from advisory services decreased by 43% as there was no IPO completed during the reporting period.

## **Property and Hotel**

The Group's Property and Hotel Sector primarily involves in property development, property investment, property management, hotel and golf operations. Currently we participate in development of various kinds of properties, mainly located at the third and fourth tier cities in Mainland. They include residential, service apartment, commercial office, industrial office, hotel and recreation resort. For the six months ended 30th June 2021, operating loss of HK\$36 million was reported from Property and Hotel Sector, increased by 66% when compared with the corresponding period of last year. This unsatisfactory performance was mainly attributable to the reduction on sales volume from Huangshan project and increase in discount offered from Wuxi project so as to speed up the sales of remaining unsold units.

For the six months ended 30th June 2021, operating revenue from property development operations dropped by 46% as compared with the corresponding period in 2020 tracking to slow down of properties sales in Huangshan.

For the six months ended 30th June 2021, operating revenue from property investment and management operations reported raised by 32% as compared with the corresponding period in 2020 with continuous increase in rental occupancy rate since the second half of 2020. For investment properties held by the Group, valuation loss increased to HK\$25 million tracking to increase in sales discount offered on Wuxi project.

For the six months ended 30th June 2021, revenue from hotel and golf operations recorded an increase of 32% as compared with the corresponding period in 2020. After the stringent quarantine and protective policies adopted in Chinese Mainland, COVID-19 cases dropped. Hotel business in Wuxi was slightly recovered after the resumption of economic activities.

### **Medical and Healthcare**

The Group explored to the Medical and Healthcare Sector by setting up a medical centre in Central, aiming at providing one-stop integrated medical services to patients from Hong Kong and Chinese Mainland. For the six months ended 30th June 2021, the medical centre recorded a surge in revenue by 97% as compared with the corresponding period in 2020. The reduction of COVID-19 cases led to the relaxation of people's vigilance. People restores confidence and robust the needs of non-urgent medical treatments. The revenue was boosted further after the rollout of vaccination program in Hong Kong which increased the needs for pre-vaccination check-up services. For the six months ended 30th June 2021, operating loss of HK\$39 million was reported from Medical and Healthcare Sector, decreased by 11% as compared with the corresponding period of last year.

### **Direct Investment**

For the reporting period, Direct Investment Sector recorded operating profit arising from the gain on disposal of a subsidiary. Focusing our internal resources over the financial services and medical and healthcare business, no new direct investment launched in 2021.

### **PROSPECTS**

Looking ahead, we expect the outlook of global economy will continue to be closely tied with the uncertainties of COVID-19 pandemic. Despite certain recovery of the consumption market in the first half of 2021, economic environment will continue to be challenging. Adheres to its strategic business model and dedicates its efforts and resources to accelerating growth in a balance portfolio of major business sectors, we are still cautiously optimistic towards the gradual pick up of cross-border flows and relaxation on pandemic prevention and control measures which adversely hindered business activities. The Group will remain attentive to the development and trends to devise means to manage over a variety of risks and uncertainties.

Financial market will continue to be volatile due to the pandemic and geopolitical uncertainties. Performance of financial markets will also be hindered by worries on inflation and monetary policies from major central banks. We will maintain a cautious and proactive approach regarding the risk and credit control of our operation and business development. COVID-19 has accelerated a wave of digital transformation across various business operations. We are committed to continue to invest in digitalization and automation to further enhance our customer experience and operating efficiency. We shall also pursue to widen our product scope and 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.

In view of the growing demand of people's higher awareness of high quality medical and healthcare services under the current epidemic, the Group will pursue to leveraging on its existing networks so as to tap into the market which can increase and widen our source of revenue. The Group has been continuously exploring different opportunities to broaden its income stream and strengthen its market presence.

It is undeniable that the global economy faces its challenges in recent history due to the COVID-19 pandemic. The risks and uncertainties facing the Hong Kong market are expected to be increased. Looking forward, the Group will continue to adopt diversified strategies with a view to grasping all valuable business opportunities for the Group to advance its business model and to growth 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 2021 (2020: 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 A.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 A.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 four independent non-executive directors, Prof. WOO Chia-Wei, Mr. LIU Ji, Mr. YU Qihao and Mr. ZHOU Xiaohe. 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 2021 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 2021.

## **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 2021 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 four independent non-executive directors, being Prof. WOO Chia-Wei, Mr. LIU Ji, Mr. YU Qihao and Mr. ZHOU Xiaohe.

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

Hong Kong, 26th August 2021