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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 2014

The Board of Directors (the “Board”) of First Shanghai Investments Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries, associated companies and joint ventures (together, the “Group”) for the six months ended 30th June 2014 together with the comparative figures for the corresponding period last year as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Unaudited	
		Six months ended 30th June	
		2014	2013
		HK\$'000	HK\$'000
Revenue	4	220,535	221,173
Cost of sales		(100,939)	(97,538)
Gross profit		119,596	123,635
Other gains/(losses) — net	5	1,661	(1,702)
Selling, general and administrative expenses		(122,285)	(110,734)
Operating (loss)/profit	4 and 6	(1,028)	11,199
Finance income		9,876	7,265
Finance costs		(7,567)	(7,963)
Finance income/(costs) — net		2,309	(698)
Share of profits less losses of			
— Associated companies		5,583	6,001
— Joint ventures		5,820	4,873
Profit before taxation		12,684	21,375
Taxation	7	(9,915)	2,627
Profit for the period		2,769	24,002
Attributable to:			
Shareholders of the Company		5,461	21,858
Non-controlling interests		(2,692)	2,144
		2,769	24,002
Earnings per share attributable to shareholders of the Company			
— Basic	8	HK0.39 cents	HK1.56 cents
— Diluted	8	HK0.39 cents	HK1.56 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited	
	Six months ended 30th June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	2,769	24,002
Other comprehensive (loss)/income		
<i>Items that may be reclassified to profit or loss</i>		
— Fair value (loss)/gain on available-for-sale financial assets	(4,100)	505
— Capital reserve realised upon disposal of subsidiaries	—	(290)
— Currency translation differences	(11,654)	12,334
— Share of post-acquisition reserves of an associated company	(6,186)	(7,811)
Other comprehensive (loss)/income for the period, net of tax	(21,940)	4,738
Total comprehensive (loss)/income for the period	(19,171)	28,740
Attributable to:		
Shareholders of the Company	(15,709)	25,437
Non-controlling interests	(3,462)	3,303
	(19,171)	28,740

CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Note</i>	Unaudited 30th June 2014 HK\$'000	Audited 31st December 2013 HK\$'000
Non-current assets			
Intangible assets		13,618	13,757
Property, plant and equipment		518,768	535,253
Investment properties		459,008	436,768
Leasehold land and land use rights		52,942	54,114
Investments in associated companies		279,438	279,921
Investments in joint ventures		242,168	244,972
Deferred tax assets		14,888	15,184
Available-for-sale financial assets		138,823	142,932
Loans and advances		11,304	10,856
Total non-current assets		1,730,957	1,733,757
Current assets			
Properties under development		316,408	246,824
Properties held for sale		262,780	303,034
Inventories		7,859	8,405
Loans and advances		910,194	538,806
Trade receivables	10	442,450	242,042
Other receivables, prepayments and deposits		58,248	67,753
Tax recoverable		338	948
Financial assets at fair value through profit or loss		77,804	82,750
Deposits with banks		3,003	3,032
Client trust bank balances		1,705,908	1,400,313
Cash and cash equivalents		331,569	318,617
Total current assets		4,116,561	3,212,524
Current liabilities			
Trade and other payables	11	2,301,204	1,693,375
Tax payable		41,047	37,725
Borrowings		407,669	82,976
Total current liabilities		2,749,920	1,814,076
Net current assets		1,366,641	1,398,448
Total assets less current liabilities		3,097,598	3,132,205
Non-current liabilities			
Deferred tax liabilities		69,608	69,008
Retirement benefit obligations		7,948	8,221
Borrowings		298,859	307,441
Total non-current liabilities		376,415	384,670
Net assets		2,721,183	2,747,535
Equity			
Share capital: nominal value		—	279,783
Other statutory capital reserves		—	863,542
Share capital and other statutory capital reserves		1,143,325	1,143,325
Reserves		1,495,717	1,511,426
Capital and reserves attributable to the Company's shareholders		2,639,042	2,654,751
Non-controlling interests		82,141	92,784
Total equity		2,721,183	2,747,535

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

First Shanghai Investments Limited (the “Company”) and its subsidiaries, associated companies and joint ventures (together, the “Group”) are principally engaged in securities investment, corporate finance, stockbroking, property development, property investment, hotel operation, 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.

This unaudited condensed consolidated financial information was approved for issue by the Board on 29th August 2014.

2. BASIS OF PREPARATION

This unaudited condensed consolidated financial information for the six months ended 30th June 2014 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 2013, 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 2013, 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:

- Securities investment
- Corporate finance and stockbroking
- Property development
- Property investment and hotel
- Direct investment

The Board assesses the performance of the operating segments based on a measure of segment results and share of results of associated companies and joint ventures.

Segment assets consist primarily of intangible assets, property, plant and equipment, investment properties, leasehold land and land use rights, properties under development, properties held for sale, inventories, financial assets and operating cash.

The unaudited segment results of the Group for the six months ended 30th June 2014 are as follows:

	Unaudited					Group HK\$'000
	Securities investment HK\$'000	Corporate finance and stockbroking HK\$'000	Property development HK\$'000	Property investment and hotel HK\$'000	Direct investment HK\$'000	
Revenue	<u>(5,749)</u>	<u>104,585</u>	<u>12,520</u>	<u>61,753</u>	<u>47,426</u>	<u>220,535</u>
Segment results	<u>(5,179)</u>	<u>41,963</u>	<u>(10,784)</u>	<u>(9,898)</u>	<u>(1,077)</u>	<u>15,025</u>
Unallocated net operating expenses						<u>(16,053)</u>
Operating loss						<u>(1,028)</u>
Finance income — net						<u>2,309</u>
Share of profits less losses of						
— Associated companies	—	—	—	—	5,583	<u>5,583</u>
— Joint ventures	—	—	—	5,222	598	<u>5,820</u>
Profit before taxation						<u><u>12,684</u></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 2013 are as follows:

	Unaudited					Group HK\$'000
	Securities investment HK\$'000	Corporate finance and stockbroking HK\$'000	Property development HK\$'000	Property investment and hotel HK\$'000	Direct investment HK\$'000	
Revenue	<u>15,986</u>	<u>87,651</u>	<u>20,691</u>	<u>47,756</u>	<u>49,089</u>	<u>221,173</u>
Segment results	<u>14,268</u>	<u>36,388</u>	<u>(8,598)</u>	<u>(36,349)</u>	<u>18,775</u>	<u>24,484</u>
Unallocated net operating expenses						<u>(13,285)</u>
Operating profit						<u>11,199</u>
Finance costs — net						<u>(698)</u>
Share of profits less losses of						
— Associated companies	—	—	—	—	6,001	<u>6,001</u>
— Joint ventures	—	—	—	4,134	739	<u>4,873</u>
Profit before taxation						<u><u>21,375</u></u>

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

The unaudited segment assets of the Group as at 30th June 2014 are as follows:

	Unaudited					
	Securities investment	Corporate finance and stockbroking	Property development	Property investment and hotel	Direct investment	Group
	<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	88,089	3,253,704	664,577	997,945	287,816	5,292,131
Investments in associated companies	—	—	—	—	279,438	279,438
Investments in joint ventures	—	—	—	200,197	41,971	242,168
Tax recoverable						338
Deferred tax assets						14,888
Corporate assets						18,555
Total assets						<u>5,847,518</u>

The audited segment assets of the Group as at 31st December 2013 are as follows:

	Audited					
	Securities investment	Corporate finance and stockbroking	Property development	Property investment and hotel	Direct investment	Group
	<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	98,286	2,324,211	665,380	986,453	312,183	4,386,513
Investments in associated companies	—	—	—	—	279,921	279,921
Investments in joint ventures	—	—	—	203,204	41,768	244,972
Tax recoverable						948
Deferred tax assets						15,184
Corporate assets						18,743
Total assets						<u>4,946,281</u>

5. OTHER GAINS/(LOSSES) — NET

	Unaudited	
	Six months ended 30th June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gain on disposal of interests in subsidiaries	448	290
Loss on disposal of investment properties	—	(376)
Fair value gains/(losses) on investment properties	2,080	(17,545)
Gain on disposal of financial assets at fair value through profit or loss	—	12,048
Net foreign exchange (loss)/gain	(867)	3,881
	<u>1,661</u>	<u>(1,702)</u>

6. OPERATING (LOSS)/PROFIT

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

	Unaudited	
	Six months ended 30th June	
	2014	2013
	HK\$'000	HK\$'000
Charging:		
Depreciation	24,794	16,552
Amortisation of leasehold land and land use rights	883	879
Staff costs	91,258	84,234
	<u>216,935</u>	<u>101,665</u>

7. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

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

	Unaudited	
	Six months ended 30th June	
	2014	2013
	HK\$'000	HK\$'000
Hong Kong profits tax		
— Current	6,044	4,421
— (Over)/under-provision in previous years	(10)	88
Overseas profits tax		
— Current	2,696	803
— Under-provision in previous years	93	411
Deferred taxation	1,092	(8,350)
	<u>9,915</u>	<u>(2,627)</u>
Taxation charge/(credit)	<u>9,915</u>	<u>(2,627)</u>

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the Group's profit attributable to shareholders of approximately HK\$5,461,000 (2013: HK\$21,858,000). The basic earnings per share is based on the weighted average number of 1,398,913,012 (2013: 1,398,913,012) shares in issue during the period.

The Company has share options outstanding during the period which are dilutive potential ordinary shares. Calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average daily market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of 3,708,682 (2013: 4,000,897) dilutive potential ordinary shares.

9. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30th June 2014 (2013: Nil).

10. TRADE RECEIVABLES

	Unaudited 30th June 2014 HK\$'000	Audited 31st December 2013 HK\$'000
Due from stockbrokers and clearing houses	183,938	73,169
Due from stockbroking clients	231,258	150,045
Trade receivables	43,977	35,413
Bills receivable	—	229
	<hr/>	<hr/>
	459,173	258,856
Provision for impairment	(16,723)	(16,814)
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	442,450	242,042
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All trade receivables are either repayable within one year or on demand. The fair value of the Group's trade receivables is approximately the same as the carrying value.

The settlement terms of trade receivables attributable to the securities trading and stockbroking business are two days after the trade date, and those of trade 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 2014 and 31st December 2013, the ageing analysis of trade receivables is as follows:

	Unaudited 30th June 2014 HK\$'000	Audited 31st December 2013 HK\$'000
0–30 days	431,116	234,254
31–60 days	6,772	4,182
61–90 days	1,853	2,865
Over 90 days	2,709	741
	<hr/>	<hr/>
	442,450	242,042
	<hr/> <hr/>	<hr/> <hr/>

11. TRADE AND OTHER PAYABLES

	Unaudited 30th June 2014 <i>HK\$'000</i>	Audited 31st December 2013 <i>HK\$'000</i>
Due to stockbrokers and dealers	85,121	9,282
Due to stockbroking clients	2,036,965	1,530,571
Trade payables	<u>67,231</u>	<u>28,889</u>
Total trade payables	2,189,317	1,568,742
Advance receipts from customers	2,419	14,984
Accruals and other payables	<u>109,468</u>	<u>109,649</u>
	<u><u>2,301,204</u></u>	<u><u>1,693,375</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 Group's 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\$1,705,908,000 (31st December 2013: HK\$1,400,313,000).

Trade and other payables are non-interest bearing except for 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 and stockbroking clients as in the opinion of directors, it does not give additional value in view of the nature of these businesses.

At 30th June 2014 and 31st December 2013, the ageing analysis of trade payables is as follows:

	Unaudited 30th June 2014 <i>HK\$'000</i>	Audited 31st December 2013 <i>HK\$'000</i>
0–30 days	41,572	10,342
31–60 days	4,447	4,644
61–90 days	10,638	4,475
Over 90 days	<u>10,574</u>	<u>9,428</u>
	<u><u>67,231</u></u>	<u><u>28,889</u></u>

BUSINESS OVERVIEW

In the first half of the reporting year, the US and European stock markets rose to historical or multi-year highs with economy returned to slow but stable growth. However, investor sentiment was fragile with worries about the tapering of quantitative easing by the US and the uncertain outlook of the euro zone economies. The market is sensitive to news about the pullback of stimulus and interest rate policy changes from the US Federal Reserve Bank. In China, the Central Government continued to pursue economic reforms and structural adjustments. The growth of China's GDP decelerated slightly, and market sentiment was weakened with increasing worries on credit and liquidity risk of the banking system. The volatility of the Hong Kong stock market remained low during the period under review, but the market continued to face risks stemming from the China and overseas markets. During the first half of 2014, the Hong Kong stock market has underperformed most major markets, with the Hang Seng Index dropped 0.5%. The average daily turnover amounted to HK\$62.9 billion, 8% lower compared with HK\$68.3 billion for the first half of 2013.

The Group reported consolidated net profit attributable to shareholders of the Company of approximately HK\$5 million for the six months ended 30th June 2014, representing a reduction of 75% as compared with the corresponding period in 2013. Such decrease was mainly attributable to the loss recorded from securities investment of approximately HK\$5 million in 2014, as compared with a profit of approximately HK\$14 million reported in 2013. In addition, the Group has recognised a one-off disposal gain of an equity investment amounted to approximately HK\$12 million in 2013, while no such profit was reported this year. These factors have been partially off-set by the decrease in operating and property revaluation loss reported by our property development and investment sector. The Group recorded revenue of approximately HK\$221 million, similar to the corresponding period of 2013. Total net assets of the Group dropped slightly by 1% from approximately HK\$2,748 million as at 31st December 2013 to approximately HK\$2,721 million as at the reporting date.

The Group adheres to its strategic business model and dedicates its efforts and resources to accelerating growth in three major business sectors: Financial Services, Property and Hotel, and Direct Investment.

Financial Services

During the reporting period, the trading activity in the Hong Kong stock market was moderate and Mainland stocks remained the most actively traded stocks, accounting for 54% of total market turnover. Hang Seng Index opened at 23,306 and closed at 23,190. There were 52 IPOs raising a total of more than HK\$80 billion during the period.

The Group has recorded moderate growth from both brokerage and margin financing businesses. We have upgraded our securities trading system to improve our multimarket internet brokerage service. Operating results of Financial Services Sector improved by 15% with increase in income from securities brokerage and underwriting and placing business. However, performance of securities investment was unsatisfactory, reported a loss of approximately HK\$5 million, compared with a profit of HK\$14 million in the corresponding year of 2013.

In the first half of 2014, our corporate finance division delivered a solid performance. We have a pipeline of IPO mandates and provided financial advisory services to various Hong Kong listed companies on, among other matters, merger and acquisition and fund raising. We were also retained as compliance advisers to a number of newly listed companies in Hong Kong.

Property and Hotel

The Central Government was determined to pursue structural reforms in all aspects. Market sentiment has been cooled down with worries of hard landing of the Chinese economy. There were increasing signs showing the property market has entered into a real phase of correction. The structural imbalance of demand and supply in certain regions became apparent. Both transaction price and volume were hindered with the tightened market liquidity. Most regions where the Group's development projects located were adversely affected, and hence performance of our Property Sector remains unsatisfactory. Operating results for the period under review was still in a loss situation, despite revaluation loss on market price has been reduced. To map out way of improvement, the Group will continue to adjust its product mix and market location.

In the first half of 2014, the Group's recognised GFA (gross floor area) and revenue were amounted to approximately 1,716 square meters and HK\$13 million respectively. Capital expenditure for property projects incurred for the period was approximately HK\$80 million. Development of Phase A of our Huangshan residential project will be completed in early 2015, and the properties was put to the market for pre-sale in August 2014.

Direct Investment

China Assets, the major investment of our Direct Investment Sector, sold part of its shareholding in an associated company, Shanghai International Medical Centre Investment Management Company Limited, with a realised gain of approximately US\$4 million. China Assets also recovered a bad debt that has been previously provided. During the reporting period, the Group shared net profit after tax of approximately HK\$6 million from China Assets, compared with approximately HK\$7 million in the corresponding period of 2013.

PROSPECTS

We believe the macroeconomic environment will continue to face with challenges, coupled with the expected rise in interest rates and the risks involved in the flow of capital funds among developed and emerging countries. However, with signs showing that the Central Government is striving to maintain a balance between pursuing steady growth and economic reforms, and the Central Government's determination in Renminbi internationalization, we expect the economic environment will be gradually strengthened entering into the second half of 2014. With the expected launch of the "Shanghai-Hong Kong Stock Connect" in October 2014, we believe Hong Kong financial market will be benefited with the improvement in market sentiment and increasing market activities.

With intense competition in the market, we expect gradual squeezing on net commission rate in the coming years. However, with the launch of the "Shanghai-Hong Kong Stock Connect" in around October 2014, the business of our Financial Services Sector will be benefited with the increase in market turnover and improvement of market sentiment. To safeguard a healthy development, we will continue to be aligned with diversified product deployment, enhancing our online trading platform, strengthening our research team and expanding our wealth management business.

Given strong expertise and sound reputation in the industry, together with the synergies brought forward by the full range of financial services offered by the Group including brokerage, asset management, financial advisory and IPO sponsorships, we devote to further expand our business in the financial market. We will continue to leverage on the core competitiveness of the Group and take a proactive approach to capture business opportunities, broaden its client base and strengthen its market niche.

Despite the property market has to face a period of difficult reform time, the trend to reduce administrative intervention and embrace a market-oriented policy approach by the Central Government will lead to a healthier industrial growth in the long run. We will actively respond to market changes and make timely adjustments to our development plan. Given sales of Phase A of Huangshan residential project is satisfactory and construction of Phase B will be completed in mid 2015. We expect the performance of the Property Sector will be improved soon.

We remain positive about the economic outlook of China. Regarding the Direct Investment Sector, we will continue to look for investment opportunities in China with focus in pharmaceutical and healthcare sector. And with the increase in investment projects seeded by our investment vehicle, China Assets, we are confident that this Sector will lay a fruitful foundation to the Group. We will also continue to seek future opportunities to enlarge our presence in industries with advantage synergies aiming to optimize returns to the Company and its shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial results

For the six months ended 30th June 2014, the Group recorded a net profit and basic earnings per share attributable to shareholders of the Company amounting to approximately HK\$5 million (2013: HK\$22 million) and HK0.39 cents (2013: HK1.56 cents) respectively. Revenue of the Group was approximately HK\$221 million, which maintained at similar level over the same period of 2013.

Material acquisitions, disposals and significant investments

During the period, the Group had no material acquisitions, disposals and significant investments.

Liquidity and financial resources

The Group relies principally on its internal resources to fund its operations and investment activities. Bank loans will be raised to meet the different demands of our various property projects and our financial services business. As at 30th June 2014, the Group had raised bank loans of approximately HK\$707 million (31st December 2013: HK\$390 million) and held approximately HK\$335 million (31st December 2013: HK\$322 million) cash reserves. The gearing ratio (total borrowings to shareholders' fund) is at the level of 26% (31st December 2013: 14.2%). Investment in "financial assets at fair value through profit or loss" as at 30th June 2014 amounted to approximately HK\$78 million (31st December 2013: HK\$83 million).

The Group's principal operations are transacted and recorded in Hong Kong dollars and Renminbi. The Group expects that Renminbi will maintain in a stable pattern for the remaining period of 2014. The Group has no significant exposure to other foreign exchange fluctuations.

Pledge of assets

The Group has pledged properties, investment properties, leasehold land and land use rights, properties under development and properties held for sale with an aggregate net carrying value of approximately HK\$666 million (31st December 2013: HK\$676 million) and fixed deposits of approximately HK\$15 million (31st December 2013: HK\$15 million) against its bank loans and general banking facilities. The banking facilities amounted approximately HK\$305 million (31st December 2013: HK\$390 million) had been utilised.

Contingent liabilities

The Group has provided guarantees in respect of mortgage facilities granted by certain banks relating to mortgage loans arranged for 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 2014, there was no contingent liabilities relating to these guarantees (31st December 2013: HK\$1 million).

Human resources

As at 30th June 2014, the Group employed 739 (30th June 2013: 741) staff, of whom 526 are based in China. Employees' remuneration is performance based and is reviewed annually. In addition to basic salary payments, other staff benefits include discretionary bonus, medical schemes, defined benefit/contribution provident fund schemes and employee share option scheme. Training courses are provided to staff where necessary. The staff costs of the Group for the six months ended 30th June 2014 amounted to approximately HK\$91 million (30th June 2013: HK\$84 million).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30th June 2014 (2013: Nil).

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 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 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, *B.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 and internal control principles are in place and follow.

The Audit Committee has reviewed with the Management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matter, including a review of the unaudited consolidated interim results for the six months ended 30th June 2014 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 2014.

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 “Corporation Information — Results Announcements”. The 2014 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 “Financial Information — Interim and Annual Report” in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises three executive directors, being Mr. LO Yuen Yat, Mr. XIN Shulin and Mr. YEUNG Wai Kin, one non-executive director, Mr. KWOK Lam Kwong, Larry, *B.B.S., J.P.* and four independent non-executive directors, being Prof. WOO Chia-Wei, Mr. LIU Ji, Mr. YU Qihao and Mr. ZHOU Xiaohu.

By order of the Board
LO Yuen Yat
Chairman

Hong Kong, 29th August 2014