

**SHANGHAI INTERNATIONAL
SHANGHAI GROWTH INVESTMENT LIMITED**

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 770)

2014
Interim Report

INVESTMENT MANAGER
SHANGHAI INTERNATIONAL ASSET MANAGEMENT (H.K.) CO., LTD.

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CORPORATE INFORMATION

DIRECTORS

Executive Directors:

Dr. WANG Ching
Mr. WU Bin

Independent Non-Executive Directors:

Dr. HUA Min
Mr. ONG Ka Thai
Mr. YICK Wing Fat Simon

Other Non-Executive Directors:

Mr. CHEN Chi-chuan
Mr. LEE Tien-chieh
Mr. TSENG Ta-mon
Dr. ZHU Zhongqun

COMPANY SECRETARY

Mr. LIANG Kwan Wah Andrew

INVESTMENT MANAGER

Shanghai International Asset Management
(Hong Kong) Company Limited

In Hong Kong:

Room 2603A, 26/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

In Shanghai:

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No. 511 Wei Hai Road
Shanghai 200041, China

LEGAL ADVISERS

In Hong Kong:

Charltons Solicitors & Notary Public

In the Cayman Islands:

Maples and Calder

AUDITORS

Ernst & Young
Certified Public Accountants

CUSTODIAN

Standard Chartered Bank (Hong Kong) Limited

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
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183 Queen's Road East, Hong Kong

REGISTERED OFFICE

P.O. Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

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COMPANY'S WEBSITE

<http://shanghaigrowth.etnet.com.hk>

STOCK CODE

770

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



TO THE BOARD OF DIRECTORS OF
SHANGHAI INTERNATIONAL SHANGHAI GROWTH INVESTMENT LIMITED
(An exempted company incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the accompanying interim financial information set out on pages 4 to 23, which comprises the condensed statement of financial position of Shanghai International Shanghai Growth Investment Limited (the "Company") as at 30 June 2014 and the related condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants.

The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong
7 August 2014

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 June 2014

	Notes	Six months ended 30 June	
		2014 (Unaudited) US\$	2013 (Unaudited) US\$
INCOME AND GAIN/(LOSS) ON INVESTMENTS			
Interest income		216	261
Dividend income		12,815	29,183
Net change in unrealised gain/(loss) on financial assets at fair value through profit or loss		4,409,503	(6,540,450)
Net loss on disposal of available-for-sale investments		(94,101)	(185,609)
Impairment loss on available-for-sale investments	15	(6,444)	(20,759)
		4,321,989	(6,717,374)
EXPENSES			
Investment manager's fees	14(a)	(132,517)	(176,835)
Administrative expenses		(231,313)	(185,343)
		(363,830)	(362,178)
Income tax reversed	7	210,000	–
PROFIT/(LOSS) FOR THE PERIOD		4,168,159	(7,079,552)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale investments:			
Changes in fair value on available-for-sale investments		(64,518)	(376,559)
Reclassification adjustment for loss included in profit or loss upon disposal		94,101	185,609
Impairment loss on available-for-sale investments		6,444	20,759
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		36,027	(170,191)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		4,204,186	(7,249,743)
PROFIT/(LOSS) PER SHARE – BASIC AND DILUTED	9	46.81 cents	(79.50 cents)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

30 June 2014

		30 June 2014 (Unaudited) US\$	31 December 2013 (Audited) US\$
NON-CURRENT ASSETS			
Available-for-sale investments	<i>10</i>	1,903,449	2,748,728
Financial assets at fair value through profit or loss	<i>11</i>	8,965,149	4,555,646
Total non-current assets		10,868,598	7,304,374
CURRENT ASSETS			
Prepayments, deposits and other receivables		354,830	443,895
Cash and bank balances		3,547,679	3,958,766
Total current assets		3,902,509	4,402,661
CURRENT LIABILITIES			
Payables and accruals		123,248	198,150
Amount due to investment manager	<i>14(b)</i>	48,722	13,434
Tax payable		-	210,000
Total current liabilities		171,970	421,584
NET CURRENT ASSETS		3,730,539	3,981,077
NET ASSETS		14,599,137	11,285,451
EQUITY			
Share capital	<i>12</i>	890,500	890,500
Reserves		13,708,637	9,504,451
Proposed dividend		-	890,500
Total equity		14,599,137	11,285,451
NET ASSET VALUE PER SHARE		1.64	1.27

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2014

	Issued capital	Share premium*	Available- for-sale investments revaluation reserve*	Capital reserve*	Retained profits/ (accumulated losses)*	Proposed dividend	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
At 1 January 2014 (audited)	890,500	12,066,935*	205,829*	(1,291,812)*	(1,476,501)*	890,500	11,285,451
Profit for the period	-	-	-	-	4,168,159	-	4,168,159
Other comprehensive income for the period:							
Change in fair value on available-for-sale investments, net of tax (Note a)	-	-	(64,518)	-	-	-	(64,518)
Reclassification adjustment for loss included in profit or loss upon disposal of available-for-sale investments	-	-	94,101	-	-	-	94,101
Impairment loss on available-for-sale investments	-	-	6,444	-	-	-	6,444
Total comprehensive income for the period	-	-	36,027	-	4,168,159	-	4,204,186
Transfers from retained profits/ (accumulated losses) (Note b):							
Net unrealised gain on change in fair value of financial assets at fair value through profit or loss	-	-	-	4,409,503	(4,409,503)	-	-
2013 special final dividend paid	-	-	-	-	-	(890,500)	(890,500)
At 30 June 2014 (unaudited)	890,500	12,066,935*	241,856*	3,117,691*	(1,717,845)*	-	14,599,137

* These reserve accounts comprise the reserve of US\$13,708,637 (31 December 2013: US\$9,504,451) in the interim condensed statement of financial position.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (Cont'd)
Six months ended 30 June 2014

	Issued capital US\$	Share premium* US\$	Available- for-sale investments revaluation reserve* US\$	Capital reserve* US\$	Retained profits/ (accumulated losses)* US\$	Proposed dividend US\$	Total US\$
At 1 January 2013 (audited)	890,500	12,957,435	152,631	6,008,352	(730,903)	890,500	20,168,515
Loss for the period	-	-	-	-	(7,079,552)	-	(7,079,552)
Other comprehensive income for the period:							
Change in fair value on available-for-sale investments, net of tax (Note a)	-	-	(376,559)	-	-	-	(376,559)
Reclassification adjustment for loss included in profit or loss upon disposal of available-for-sale investments	-	-	185,609	-	-	-	185,609
Impairment loss on available-for-sale investment	-	-	20,759	-	-	-	20,759
Total comprehensive income for the period	-	-	(170,191)	-	(7,079,552)	-	(7,249,743)
Transfers from retained profits/(accumulated losses) (Note b):							
Net unrealised loss on change in fair value of financial assets at fair value through profit or loss	-	-	-	(6,540,450)	6,540,450	-	-
2012 special final dividend paid	-	-	-	-	-	(890,500)	(890,500)
At 30 June 2013 (unaudited)	890,500	12,957,435	(17,560)	(532,098)	(1,270,005)	-	12,028,272

Notes:

- a) Fair value changes of available-for-sale investments are dealt with in the available-for-sale investments revaluation reserve until the available-for-sale investments are sold or impaired, at which time the cumulative net gain or loss shall be reclassified to profit or loss.
- b) Pursuant to the Company's Memorandum and Articles of Association amendment on 12 May 2011, profits arising from the realisation of investments are available for distribution as dividends. Profits arising from revaluation of investments may be available for distribution as dividends only at the discretion of the board of directors.

At 30 June 2014 and 2013, the balance of the capital reserve represented the unrealised gain/loss of financial assets at fair value through profit or loss.

INTERIM CONDENSED STATEMENT OF CASH FLOWS*Six months ended 30 June 2014*

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	US\$	US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) for the period	4,168,159	(7,079,552)
Adjustment for:		
Interest income	(216)	(261)
Dividend income	(12,815)	(29,183)
Reversal of tax provision	(210,000)	–
Loss on disposal of available-for-sale investments	94,101	185,609
Fair value (gain)/loss on investment in financial assets through profit or loss	(4,409,503)	6,540,451
Impairment loss on available-for-sale investments	6,444	20,758
Operating cash flows before movements in working capital	(363,830)	(362,178)
Decrease in dividend, interest and other receivables and prepayments	89,065	108,555
(Decrease)/increase in payables and accruals	(74,902)	26,439
Increase in amount due to Investment Manager	35,288	105,891
Cash used in operations	(314,379)	(121,293)
Interest received	216	261
Dividend received	12,815	29,183
Net cash flows used in operating activities	(301,348)	(91,849)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (Cont'd)
Six months ended 30 June 2014

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	US\$	US\$
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of available-for-sale investments	2,391,403	772,139
Purchase of available-for-sale investments	(1,610,643)	(1,333,777)
	780,760	(561,638)
CASH FLOWS FROM FINANCING ACTIVITIES		
	(890,500)	(890,500)
	(411,088)	(1,543,987)
NET DECREASE IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS AT 1 JANUARY	3,958,766	5,783,179
	3,547,678	4,239,192
CASH AND CASH EQUIVALENTS AT 30 JUNE		
	3,547,678	4,239,192
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash at bank	3,547,678	4,239,192
	3,547,678	4,239,192

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2014

1. CORPORATE INFORMATION

Shanghai International Shanghai Growth Investment Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability and the Company's shares with stock code 770 are listed on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange"). The registered office address of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

During the period, the Company was principally engaged in making investments in operating companies and other entities established or having significant operations in, or doing business with, the People's Republic of China ("PRC").

2. BASIS OF PREPARATION

The interim condensed financial statements for the six months ended 30 June 2014 have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). They have been prepared on the historical cost convention, except for financial assets at fair value through profit or loss and available-for-sale investments, which have been measured at fair values. These interim condensed financial statements are presented in United States dollars ("US\$").

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3. ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the interim condensed financial statements requires management to make judgement, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgement made by management in applying the Company's accounting policies and key sources of uncertainty were the same as those applied in the preparation of the annual financial statements for the year ended 31 December 2013.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2014

4. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2013, except for the adoption of the following new and revised HKFRSs as of 1 January 2014, noted below:

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> – <i>Offsetting Financial Assets and Financial Liabilities</i>

The adoption of the new and revised HKFRSs has had no significant financial effect on these interim condensed financial statements. Further information about those HKFRSs that are applicable to the Company is as follows:

Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. These amendments do not have any impact on the Company.

The HKAS 32 Amendments clarify the meaning of “currently has a legally enforceable right to setoff” for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments do not have any impact on the financial position or performance of the Company upon adoption on 1 January 2014.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS*Six months ended 30 June 2014***4. PRINCIPAL ACCOUNTING POLICIES (Cont'd)**

The Company has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in these interim condensed financial statements.

HKFRS 9 Amendments <i>Annual Improvements 2010-2012 Cycle</i>	<i>Financial Instruments</i> ² Amendments to a number of HKFRSs issued in May 2012 ¹
<i>Annual Improvements 2011-2013 Cycle</i>	Amendments to a number of HKFRSs issued in November 2012 ¹

1 Effective for annual periods beginning on or after 1 July 2014

2 No mandatory effective date yet determined but is available for adoption

The Company is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. Management considers that these new and revised HKFRSs are unlikely to have a significant impact on the Company's results of operations and financial positions.

5. OPERATING SEGMENT INFORMATION

For management purposes and information used by the Company's executive directors as the chief operating decision makers, the Company is organised into business units based on the categories of investments and has two reportable operating segments as follows:

Listed securities	–	Investments in equity securities listed on relevant stock exchanges
Unlisted securities	–	Investments in unlisted equity securities

Further details of the Company's investments are included in notes 10 and 11 to the interim condensed financial statements.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2014

5. OPERATING SEGMENT INFORMATION *(Cont'd)*

The following is an analysis of the Company's results by operating segments:

	Listed securities	Unlisted securities	Total
	US\$	US\$	US\$
<u>Six months ended 30 June 2014</u>			
<u>(unaudited)</u>			
Segment results	4,328,217	(6,444)	4,321,773
Bank interest income			216
Unallocated expenses			(153,830)
Profit for the period			4,168,159
 <u>Six months ended 30 June 2013 (unaudited)</u>			
Segment results	(6,696,876)	(20,759)	(6,717,635)
Bank interest income			261
Unallocated expenses			(362,178)
Loss for the period			(7,079,552)

For the six months ended 30 June 2014 and 2013, segment results represented the net gain/(loss) on disposal of listed and unlisted equity securities classified as available-for-sale investments, impairment loss recognised in respect of available-for-sale investments, net gain/(loss) on fair value of listed equity securities classified as financial assets at fair value through profit or loss, and the corresponding interest income as well as dividend income earned by each segment without the allocation of administrative expenses and interest income from bank deposits and advances as well as investment manager's fees.

As management considers the Company's nature of business as investment holding, there was no information regarding major customers as determined by the Company and no segment revenue is presented.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS*Six months ended 30 June 2014***5. OPERATING SEGMENT INFORMATION** (Cont'd)

The following is an analysis of the Company's assets by operating segments:

	Listed securities US\$	Unlisted securities US\$	Total US\$
<u>At 30 June 2014 (unaudited)</u>			
Available-for-sale investments	1,160,043	743,406	1,903,449
Financial assets at fair value through profit or loss	8,965,149	–	8,965,149
Total segment assets	10,125,192	743,406	10,868,598
Unallocated assets			3,902,509
Total assets			14,771,107
<u>At 31 December 2013 (audited)</u>			
Available-for-sale investments	1,998,878	749,850	2,748,728
Financial assets at fair value through profit or loss	4,555,646	–	4,555,646
Total segment assets	6,554,524	749,850	7,304,374
Unallocated assets			4,402,661
Total assets			11,707,035

For the purpose of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable segments other than prepayments and other receivables, and cash and bank balances.

All liabilities as at 30 June 2014 and 31 December 2013 are unallocated liabilities.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2014

6. GAIN OR LOSS ON INVESTMENTS

	Listed securities	Unlisted securities	Total
	US\$	US\$	US\$
Six months ended 30 June 2014			
(unaudited)			
<i>Included in profit or loss:</i>			
Realised loss:			
Available-for-sale investments	(94,101)	–	(94,101)
Unrealised loss:			
Available-for-sale investments	–	(6,444)	(6,444)
Financial assets at fair value through profit or loss	4,409,503	–	4,409,503
	4,409,503	(6,444)	4,403,059
Total realised and unrealised gain/(loss) included in profit or loss	4,315,402	(6,444)	4,308,958
<i>Included in other comprehensive income:</i>			
Unrealised gain of:			
Available-for-sale investments	65,839	–	65,839
Total realised and unrealised gain/(loss) for the period	4,381,241	(6,444)	4,374,797

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2014

6. GAIN OR LOSS ON INVESTMENTS (Cont'd)

	Listed securities	Unlisted securities	Total
	US\$	US\$	US\$
<u>Six months ended 30 June 2013 (unaudited)</u>			
<i>Included in profit or loss:</i>			
Realised loss:			
Available-for-sale investments	(185,609)	–	(185,609)
Unrealised loss:			
Available-for-sale investments	–	(20,759)	(20,759)
Financial assets at fair value through profit or loss	(6,540,450)	–	(6,540,450)
	(6,540,450)	(20,759)	(6,561,209)
Total realised and unrealised loss included in profit or loss	(6,726,059)	(20,759)	(6,746,818)
<i>Included in other comprehensive income:</i>			
Unrealised loss of:			
Available-for-sale investments	(111,427)	–	(111,427)
Total realised and unrealised loss for the period	(6,837,486)	(20,759)	(6,858,245)

7. TAXATION

No provision for Hong Kong profits tax has been made in the interim condensed financial statements as the Company did not generate assessable profits arising in Hong Kong for the six months ended 30 June 2014 (six months ended 30 June 2013 (unaudited): Nil). The tax provision of US\$210,000 for the assessment year 2007/08 has been reversed in the current period.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2014

8. DIVIDEND

The directors did not recommend the payment of an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013 (unaudited): Nil).

9. PROFIT/(LOSS) PER SHARE – BASIC AND DILUTED

The calculation of basic profit per share is based on the profit for the period of US\$4,168,159 (six months ended 30 June 2013 (unaudited): loss for the period US\$7,079,552) and weighted average number of ordinary shares of 8,905,000 (six months ended 30 June 2013 (unaudited): 8,905,000) in issue during the period.

No adjustment has been made to the basic profit/(loss) per share amounts for the six-month periods ended 30 June 2014 and 2013 in respect of a dilution as the Company had no potentially dilutive ordinary shares in issue during those periods.

10. AVAILABLE-FOR-SALE INVESTMENTS

		30 June 2014 (Unaudited) US\$	31 December 2013 (Audited) US\$
Non-current:			
Listed equity investments, at fair value:			
	<i>(i)</i>	1,160,043	1,998,878
Unlisted equity investments, at fair value:			
	<i>(ii)</i>	743,406	749,850
		1,903,449	2,748,728

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2014

10. AVAILABLE-FOR-SALE INVESTMENTS (Cont'd)

Notes:

- (i) The Company's investments in listed equity securities are held for long-term and are non-trading in nature and designated as available-for-sale investments. Fair values of the investments in listed equity securities are determined by reference to closing prices quoted in active markets.

During the six months ended 30 June 2014, the gross fair value loss in respect of the Company's available-for-sale investments recognised in other comprehensive income amounted to US\$64,518 (six months ended 30 June 2013 (unaudited): loss of US\$376,559), of which a loss of US\$94,101 (six months ended 30 June 2013 (unaudited): loss of US\$185,609) was reclassified from other comprehensive income to the profit or loss account upon disposal during the period. At 30 June 2014, impairment losses of US\$688,776 have been recognised for available-for-sale investment (at 31 December 2013, US\$682,332).

- (ii) Equity securities investment in C-Media Electronics Inc., a company listed in Taiwan, was acquired by the Company under a private placement subscription on 11 May 2010. The investment was subject to a maximum three-year lock-up restriction under the rules of the relevant jurisdiction from that day which was expired in May 2013. However, these equity securities are not yet listed on GreTai Securities Market of Taiwan.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2014 (Unaudited) US\$	31 December 2013 (Audited) US\$
Non-current:		
Ordinary shares		
Global Market Group Limited ("GMG")	8,965,149	4,555,646

The above financial asset at 30 June 2014 and 31 December 2013 was upon initial recognition, designated by the Company as at fair value through profit or loss.

As at 30 June 2014 and 31 December 2013, a total of 8,734,897 ordinary shares of GMG are held by the Company, representing 9.36% and 8.93% respectively of GMG's total issued ordinary shares. The value of GMG ordinary shares were recorded at closing price at each reporting date.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2014

12. SHARE CAPITAL

	30 June 2014 (Unaudited) US\$	31 December 2013 (Audited) US\$
Authorised: 18,000,000 (2013: 18,000,000) ordinary shares of US\$0.1 each	1,800,000	1,800,000
Issued and fully paid: 8,905,000 (2013: 8,905,000) ordinary shares of US\$0.1 each	890,500	890,500

13. NET ASSET VALUE PER SHARE

The calculation of net asset value ("NAV") per share is based on the Company's NAV as at 30 June 2014 of US\$14,599,137 (31 December 2013 (audited): US\$11,285,451) and the number of ordinary shares of 8,905,000 in issue as at 30 June 2014 (31 December 2013 (audited): 8,905,000).

14. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in the interim condensed financial statements, the Company had the following transactions with related parties during the period:

	Six months ended 30 June 2014 (Unaudited) US\$	2013 (Unaudited) US\$
Investment management and administration fees charged by the investment manager	132,517	176,835

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2014

14. RELATED PARTY TRANSACTIONS *(Cont'd)*

(a) *Note:*

Certain directors of the investment manager, Shanghai International Asset Management (H.K.) Co., Ltd. (the "Investment Manager"), are common directors of the Company.

In accordance with the terms of the investment management agreement and the seven supplemental agreements (collectively the "Investment Management Agreements"), the management and administration fees are calculated and payable quarterly in advance at 0.5% of the NAV (calculated before deductions of the fees payable to the Investment Manager, and the custodian for that quarter) of the Company calculated on the last business day of the previous quarter.

The Investment Manager was entitled to an incentive fee equal to 20% of the excess amount by which the NAV of the Company as at 31 December of the year exceeding the highest of the NAV of the Company as at 31 December of the immediately preceding year. The actual amount of special dividends paid out in the relevant year shall be deducted from the NAV of the Company as at 31 December of the immediately preceding year when calculating the growth of the NAV. In the event that the Company raises new capital in the relevant year, and for the purpose of determining the incentive fee, such new capital shall be deducted from the NAV of the Company as at 31 December of the relevant year.

During the six months ended 30 June 2014, the Investment Manager was not entitled to receive an incentive fee in relation to the performance of the Company (six months ended 30 June 2013 (unaudited): Nil), in accordance with the incentive fee calculation of the Investment Management Agreements.

(b) Outstanding balances with related parties:

Amount due to the Investment Manager is unsecured, interest-free, and repayable on demand.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2014

14. RELATED PARTY TRANSACTIONS *(Cont'd)*

- (c) Compensation of key management personnel of the Company:

The key management personnel of the Company comprise the directors of the Company. Details of directors' emoluments are as follows:

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	US\$	US\$
Directors' fees	23,225	23,206

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The available-for-sale investments and financial assets at fair value through profit or loss held by the Company (both current and non-current assets) are carried at fair value. All other financial assets and liabilities are carried at amortised cost and approximate their respective fair values due to the relatively short-term nature of these financial instruments.

The Investment Manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments and reports directly to the audit committee of the Company. At each reporting date, the Investment Manager analyses the movements in the values of the financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the directors of the Company. The valuation process and results are discussed with the audit committee twice a year for interim and audit financial reporting.

The fair values of listed equity investments are based on quoted market prices. The fair value of C-Media has been estimated using an equity pricing model based on assumptions that are not supported by observable market prices or rates. The valuation requires making estimates about the expected time for listing and volatility of the share price. Management believes that the estimated fair value resulting from the valuation technique, which is recorded in other comprehensive income, is reasonable, and that it was the most appropriate value at the end of the reporting period.

For the fair value of C-Media, management has estimated the potential effect of using reasonably possible alternatives as input to the valuation model and the effect is insignificant.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2014

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS
(Cont'd)

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Assets measured at fair value:

	Fair value measurement using			Total US\$
	Quoted price in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
	US\$	US\$	US\$	
As at 30 June 2014 (unaudited)				
<i>Financial assets at fair value through profit or loss</i>				
Listed equity securities	8,965,149	–	–	8,965,149
<i>Available-for-sale investments</i>				
Listed equity securities	1,160,043	–	–	1,160,043
Unlisted equity securities	–	–	743,406	743,406
Total	10,125,192	–	743,406	10,868,598
As at 31 December 2013 (audited)				
<i>Financial assets at fair value through profit or loss</i>				
Listed equity securities	4,555,646	–	–	4,555,646
<i>Available-for-sale investments</i>				
Listed equity securities	1,998,878	–	–	1,998,878
Unlisted equity securities	–	–	749,850	749,850
Total	6,554,524	–	749,850	7,304,374

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2014

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Cont'd)

The Company did not have any financial liabilities measured at fair value as at 30 June 2014 and 31 December 2013.

As detailed in note 10 to the interim condensed financial statements, the investment in C-Media shares is unlisted and was subject to a 3 year lock-up restriction which expired on 11 May 2013. The fair value of the investments in C-Media is valued by the equity pricing model. Management considers the fair value of C-Media investment to be reliance on unobservable inputs and hence classified the investment's fair value as Level 3 of the fair value hierarchy.

Reconciliation of Level 3 fair value measurements of financial assets is as follows:

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	US\$	US\$
<i>Available-for-sale investments</i>		
At 1 January	749,850	597,741
Impairment recognised in profit or loss	(6,444)	(20,759)
	743,406	576,982
At 30 June	743,406	576,982

During the six months ended 30 June 2014 and 2013, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 fair value measurements.

16. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved and authorised for issue by the Board of Directors of the Company on 7 August 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Company recorded an unaudited profit of US\$4,168,159 for the six months ended 30 June 2014, (six months ended 30 June 2013: US\$7,079,552 loss). The strong turnaround was mainly attributable to unrealised fair value gain on one of the Company's investments, Global Market Group Limited ("GMG"), which was listed on the Alternative Investment Market ("AIM") of the London Stock Exchange on 22 June 2012.

The significant recovery in market value of GMG was a major factor contributing to the Company's profitable operating performance. Effective strategy in converting customers from its "Free GMC Scheme" to fee-paying customers, participation by a prominent strategic investor in its new M2C trading platform, as well as the completion in early 2014 of a share buy-back scheme by GMG released positive signals to the market, which led to a significant recovery in GMG's share price by some 90.5% as compared to the end of 2013. As a consequence, the Company recorded a US\$4.4 million unrealised gain on the change in fair value of this investment during the reporting period.

The Company recorded realised loss of US\$94,101 (six months ended 30 June 2013: US\$185,609 loss) on disposal of listed securities for the six months ended 30 June 2014. Owing to concerns about the unstable domestic and overseas political situations as well as possible interest rate surge, the Company persisted in a conservative investment strategy which lowered market risk exposures. As a result the Company's listed securities portfolio benefited less from the Hong Kong stocks' recovery in the second quarter. Dividend income from listed securities of US\$12,815 was recorded in the reporting period as compared to US\$29,183 in the last corresponding period.

The Hang Seng Index closed at 23,191 points at the end June 2014, a slight decline of 0.5% from the end of 2013. The Company's listed securities portfolio recorded a loss of 1.48% over the same period.

The Company paid its shareholders a special final dividend of US\$0.10 per share in June 2014. As at 30 June 2014, the Company's net asset value ("NAV") per share was US\$1.64 as compared with US\$1.27 at the end of 2013; such increase was mainly due to the unrealised gain in fair value of GMG.

MANAGEMENT DISCUSSION AND ANALYSIS

INVESTMENT REVIEW

Portfolio Allocation

	30 June 2014	31 December 2013
Listed investments	69%	58%
Unlisted investments	5%	7%
Cash and net receivables	26%	35%
Total	100%	100%

LISTED INVESTMENTS REVIEW

In the first half of 2014, benefiting from a series of mini-stimulus policies promoted by the Central Government, the Mainland economy gradually stabilised in the second quarter after getting through a sluggish first quarter. Meanwhile, exchange rate of the Hong Kong dollar continued to strengthen in June, which reflected a temporary relief in the unfavourable net fund outflow situation. As a result, Hong Kong stocks achieved a turnaround to a certain extent. The Hang Seng Index closed at 23,191 points, a slight decline of 0.5% from the end of 2013.

Owing to concerns about the unstable domestic and overseas political situations as well as possible interest rate surge, from the beginning of this year, the Company persisted in a conservative investment strategy which lowered market risk exposures. As a result the Company's listed securities portfolio benefited less from the Hong Kong stocks' recovery in the second quarter and recorded a 1.48% loss in the first half of 2014.

Global Market Group Limited ("GMG")

The Company invested in GMG Preferred Shares for a consideration of US\$5 million in March 2008. In June 2010, the Company reinvested its dividend entitlement of US\$847,458 for additional GMG Preferred Shares to increase its equity interest to 9.67%. GMG's ordinary shares are currently listed on the AIM of the London Stock Exchange. As at 30 June 2014, a total of 8,734,897 ordinary shares of GMG are held by the Company, representing 9.36% equity stake in GMG.

MANAGEMENT DISCUSSION AND ANALYSIS

GMG is a leading B2B internet trading service provider in the PRC. It focuses on providing an international trading service platform for high-end quality export manufacturers in China and international buyers.

Due to severe global trade environment and huge capital investment required by two new business initiatives, GMG recorded net losses in 2013. To expand potential user base, GMG introduced the "Free GMC Scheme" with the strategy that certain free members will convert to paying customers through providing premium trial services. Preliminary results were achieved that the number of registered paying customers increased by 13.7% with a raise in average revenue per user by 35%.

On the other hand, GMG set up the M2C website Feifei (www.feifei.com) in November 2013 to develop e-commerce business. On 27 March 2014, Feifei entered into a strategic investment scheme with Guangzhou Daily Group, one of the best performing newspaper groups in China. Guangzhou Daily would also provide promotional assistance to Feifei.

Given confidence in the future development in B2B and M2C business, GMG completed a 4,503,000 shares buyback scheme on 28 January 2014. Up to 30 June 2014, GMG's stock price has jumped 90.5% to £0.6 compared to the end of 2013. Nonetheless, the Investment Manager considers that GMG's current stock price still does not reflect its intrinsic value and will continue to monitor closely for appropriate exit opportunity.

UNLISTED INVESTMENTS REVIEW

The Investment Manager studied several potential projects in the first half of 2014 in various sectors such as healthcare and mobile game etc. However, in view of the early stages of business proposals and the Company's limited liquid cash resources, the Company took a prudent view and did not make any new investment during the reporting period.

C-Media Electronics Inc. ("C-Media")

In May 2010, the Company participated in a private placement launched by C-Media by subscribing for 1 million new shares therein at an investment cost of US\$1.2 million approximately. The common shares of C-Media are currently listed on the Taiwan GreTai Securities Market (stock code 6237.TT). By nature of this private placement, the new shares are subject to three-year lockup restriction and thereafter, these shares are qualified to apply for listing on the same market with its existing common shares.

MANAGEMENT DISCUSSION AND ANALYSIS

C-Media specialises in the designing and manufacturing of audio ICs with a focus on USB related audio products. However, after the wave of USB audio applications, competition for various related products became increasingly fierce. In consequence, selling price of low-end USB audio products dropped, while costs are constantly climbing up because of white-hot competition for industry talent and production capacity. The profit margin is under real pressure. C-Media is currently exploring its long-term business collaboration with large global brands so as to strengthen its market share and enhance profit margin. Meanwhile, based on developed audio technologies through these years, C-Media will utilise its proprietary DSP technology design platform to promote its own audio-tech brand XEAR. C-Media seeks to expand brand recognition through collaboration and technology authorisation with other brand manufacturers.

The lock-up restriction of the private placement shares had expired in May 2013. However, these shares have yet to qualify to be traded on the Taiwan Gre Tai Securities Market due to unsatisfactory return on equity in 2013. The fair value of these shares is valued by the equity pricing model subject to marketability discount determined by the Investment Manager. The fair value of C-Media is US\$743,406 at 30 June 2014, a slight impairment of US\$6,444 from that of 31 December 2013. The Company will closely monitor C-Media's price performance and seek appropriate exit opportunity depending on prevailing market condition.

PROSPECTS

This round of mini stimulus had stabilised expectations on the Mainland's economic growth. Driven by better-than-expected economic indicators in the second quarter and the Shanghai-Hong Kong Stock Connect policy, the rally in Hang Seng Index continued in the third quarter of 2014.

The Xi Jinping and Li Keqiang government has proved to have strong decision-making and execution abilities in the field of diplomacy and anti-corruption. However, many risk factors of common concern still existed. On the economic front, local government debts and shadow banking problems have yet to be resolved. Manufacturers are still stuck in the predicament caused by rising financing and labour costs but slowing sales growth. On the political front, crisis of state-owned oil enterprises in Iraq, territorial disputes with East and South sea countries, "Occupy Central" protest in Hong Kong and increasing terrorist attacks and mass disturbance incidents in the Mainland all pose potential threats to overall stabilisation.

As mentioned in previous years' outlooks, the only solution to solve the above problems is to comprehensively deepen the reforms, which is also a current focus of the capital market. The Company will continue to stick to its prudent investment strategy and always be aware of the risks. The Investment Manager is waiting for better timings to gradually overweight industries that will be reform beneficiaries and supported by state policies, such as healthcare, logistics, railway and brokerage.

OTHER INFORMATION

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL COMMITMENT

The Company's bank balances as of 30 June 2014 were US\$3,547,679 (31 December 2013: US\$3,958,766) after payment of US\$890,500 as special final dividend distribution to shareholders in June 2014. Apart from listed securities investments, cash were utilised for operating and administrative expenses.

The Company did not have any bank borrowing or capital commitment on its unlisted investments at the end of June 2014 and December 2013 respectively.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

Save for below-mentioned investments denominated in New Taiwan dollars ("NT\$") and Great Britain pounds ("£") the majority of the Company's assets are denominated in US dollars and Hong Kong dollars. As long as the Hong Kong dollar continues its peg to the US dollar in the foreseeable future, the Company does not envisage any material exposure to exchange fluctuations. Accordingly, no hedging instruments were made nor transacted to cushion for such exposure.

As at 30 June 2014, the Company's investment in one unlisted security and one listed security are valued at NT\$22.21 million and £5.24 million respectively. There is no hedging policy, the value of these investments and currency exposure risk are monitored closely by the Investment Manager of the Company.

EMPLOYEES

Other than retaining a qualified accountant, the Company has no other employee. The Company continues to delegate the day-to-day administration of its investment portfolio to the Investment Manager.

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES

As at 30 June 2014, none of the directors nor their associates had registered an interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations that was requested to be recorded pursuant to section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2014, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long positions in the ordinary shares of US\$0.10 each of the Company

Name	Capacity and nature of interest	Number of shares held	Percentage of total issued shares of the Company	Notes
Mr. Bart M. Schwartz	Receiver of Gabriel Capital, L.P. and Ariel Fund Limited	1,061,817	11.92%	(1)
Mr. J. Ezra Merkin	Held by controlled corporation	494,843	5.56%	(1)
Gabriel Capital Corporation	Held by controlled corporation	1,127,739	12.66%	(1)
Ariel Fund Limited	Beneficial owner	632,896	7.11%	(1)
Mr. Hsu Sheng-yu	Held by controlled corporation	1,063,040	11.94%	(2)
Chung Chia Co., Ltd.	Beneficial owner	590,743	6.63%	(2)
Kwang Shun Co., Ltd.	Beneficial owner	472,297	5.30%	(2)
Ms. Hsu Tsui-hua	Held by controlled corporation	590,743	6.63%	(3)
Ms. Chang Hsiu-yen	Held by controlled corporation	472,297	5.30%	(4)
Shanghai International Group Corporation Ltd.	Held by controlled corporation	495,000	5.56%	(5)
Shanghai International Trust Corporation Ltd.	Beneficial owner	495,000	5.56%	(5)
Ruentex Industries Ltd.	Beneficial owner and held by controlled corporation	592,752	6.66%	(6)
Ruentex Development Co., Ltd.	Beneficial owner and held by controlled corporation	563,752	6.33%	(7)

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS (Cont'd)

Notes:

- (1) On 29 May 2009, Mr. Bart M. Schwartz was appointed as the receiver of Gabriel Capital, L. P. and Ariel Fund Limited, each of them were holding 428,921 shares and 632,896 shares of the Company, respectively. Mr. J. Ezra Merkin's indirect interests in the Company were reduced to 494,843 shares by virtue of his 100% control over Gabriel Capital Corporation. Besides, Gabriel Capital Corporation was also deemed to be indirectly interested in the Company through its management of Ariel Fund Limited.
- (2) Mr. Hsu Sheng-yu has an indirect interest in the Company through his 50% beneficial interest in each of Chung Chia Co., Ltd. and Kwang Shun Co., Ltd.
- (3) Ms. Hsu Tsui-hua has an indirect interest in the Company through her 50% beneficial interest in Chung Chia Co., Ltd.
- (4) Ms. Chang Hsiu-yen has an indirect interest in the Company through her 50% beneficial interest in Kwang Shun Co., Ltd.
- (5) Shanghai International Group Corporation Ltd. has an indirect interest in the Company through its approximately 66.33% equity interest in Shanghai International Trust Corporation Ltd.
- (6) Apart from a direct holding of 257,000 shares in the Company, Ruentex Industries Limited has an indirect interest in the Company through its 100% ownership in Full Shine Int'l Holdings Ltd.
- (7) Apart from a direct holding of 228,000 shares in the Company, Ruentex Development Co., Ltd. has an indirect interest in the Company through its 100% ownership in Ruentex Construction Int'l (BVI) Ltd.

Save as disclosed above, the Company has not been notified of any other interests or short positions representing 5% or more of the Company's issued share capital as at 30 June 2014.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2014, the Company did not purchase, redeem or sell any of the Company's listed securities.

OTHER INFORMATION

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining sound corporate governance standards and procedures to ensure integrity, transparency and quality of disclosure to promote the ongoing development of the long term best interests of the Company and to enhance value for all its shareholders. The Board has established procedures on corporate governance that comply with the requirements of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules. The Board has reviewed and taken measures to adopt the CG Code as the Company's code of corporate governance practices. During the six months ended 30 June 2014, the Company has complied with the code provisions under the CG Code, save and except for the following:

Code A.4.1 which provides that non-executive directors should be appointed for a specific term and subject to re-election.

The Company's non-executive directors do not have a specific term of appointment. However, they are subject to retirement by rotation once every three years pursuant to the Company's Articles of Association.

Code A.6.7 which provides for independent non-executive directors and other non-executive directors to, inter alia, attend general meetings.

At the Company's last Annual General Meeting held on 13 May 2014, three non-executive directors were unable to attend due to respective prior engagements overseas at the relevant time.

AUDIT COMMITTEE

The Company has established an Audit Committee since July 1999 and has formulated its written terms of reference, which have from time to time been modified in accordance with the prevailing provisions of the CG Code. The Audit Committee currently comprises Mr. YICK Wing Fat, Simon (chairman), Mr. ONG Ka Thai, Dr. HUA Min and Mr. CHEN Chi-chuan, all of whom are non-executive directors, with three of them being independent. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The Audit Committee has reviewed the Company's unaudited interim financial statements for the six months ended 30 June 2014 and discussed with management in conjunction with the external auditors. The Audit Committee also meets with management of the Investment Manager to supervise the Company's matters on internal control, risk management and financial reporting process.

OTHER INFORMATION

REMUNERATION COMMITTEE

In compliance with the CG Code, the Company established its Remuneration Committee in March 2005 and comprises all three independent non-executive directors (“INEDs”), namely, Mr. ONG Ka Thai (chairman), Mr. YICK Wing Fat Simon and Dr. HUA Min, and the two executive Directors, namely, Dr. WANG Ching and Mr. WU Bin.

NOMINATION COMMITTEE

In compliance with the CG Code, the Company established its Nomination Committee in February 2012 and comprises all three INEDs, namely Dr. HUA Min (chairman), Mr. ONG Ka Thai and Mr. YICK Wing Fat Simon.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as its code of conduct regarding directors’ securities transactions. In response to specific enquiry by the Company, all directors confirmed that they have complied with the Model Code throughout the six months ended 30 June 2014.

By order of the Board

Shanghai International Shanghai Growth Investment Limited

WANG Ching

Executive Director

Hong Kong, 7 August 2014