

SHANGHAI INTERNATIONAL SHANGHAI GROWTH INVESTMENT LIMITED

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

2016 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. FENG Huang
Mr. NI Jianwei

COMPANY SECRETARY

Mr. LIANG Kwan Wah Andrew

INVESTMENT MANAGER

Shanghai International Asset Management
(Hong Kong) Company Limited

In Hong Kong:

Room 1703, 17/F
Shanghai Industrial Investment Building
48-62 Hennessy Road
Wanchai, Hong Kong

In Shanghai:

16/F, Golden Bell Plaza
No. 98 Huai Hai Zhong Road
Shanghai 200021, 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
Level 22 Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

Room 1703, 17/F
Shanghai Industrial Investment Building
48-62 Hennessy Road
Wanchai, Hong Kong

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 5 to 24, which comprises the condensed statement of financial position of Shanghai International Shanghai Growth Investment Limited (the "Company") as at 30 June 2016 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.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

11 August 2016



**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

Six months ended 30 June 2016

	<i>Notes</i>	Six months ended 30 June	
		2016 (Unaudited) US\$	2015 (Unaudited) US\$
INCOME AND GAIN/(LOSS) ON INVESTMENTS			
Interest income		139	127
Dividend income		11,122	29,057
Net change in unrealised loss on financial assets at fair value through profit or loss		(34,503)	(621,357)
Net (loss)/gain on disposal of available-for-sale investments		(23,866)	241,481
Other income		–	22,977
		(47,108)	(327,715)
EXPENSES			
Investment manager's fees	14(a)	(77,253)	(125,421)
Administrative expenses		(225,378)	(196,992)
		(302,631)	(322,413)
Loss before tax		(349,739)	(650,128)
Tax expenses	7	–	–
LOSS FOR THE PERIOD		(349,739)	(650,128)
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		(42,942)	215,309
Reclassification adjustment for loss included in profit or loss upon disposal		23,866	(241,481)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		(19,076)	(26,172)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(386,815)	(676,300)
LOSS PER SHARE – BASIC AND DILUTED	9	(3.93 cents)	(7.30 cents)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

30 June 2016

		30 June 2016 (Unaudited) US\$	31 December 2015 (Audited) US\$
	<i>Notes</i>		
NON-CURRENT ASSETS			
Available-for-sale investments	10	449,887	1,049,460
Financial assets at fair value through profit or loss	11	4,232,254	4,266,757
Total non-current assets		4,682,141	5,316,217
CURRENT ASSETS			
Prepayments and other receivables		19,031	42,900
Dividend receivable		3,752	–
Cash and bank balances		2,806,212	2,524,602
Total current assets		2,828,995	2,567,502
CURRENT LIABILITIES			
Payables and accruals		43,414	45,657
Amount due to investment manager	14(b)	22,874	24,399
Total current liabilities		66,288	70,056
NET CURRENT ASSETS		2,762,707	2,497,446
NET ASSETS		7,444,848	7,813,663
EQUITY			
Share capital	12	890,500	890,500
Reserves		6,554,348	6,923,163
Total equity		7,444,848	7,813,663
NET ASSET VALUE PER SHARE	13	0.84	0.88

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2016

	Issued capital US\$	Share premium* US\$	Available- for-sale investments revaluation reserve* US\$	Capital reserve* US\$	Accumulated losses* US\$	Proposed dividend US\$	Total US\$
At 1 January 2016 (audited)	890,500	11,176,435*	(7,652)*	(1,580,701)*	(2,664,919)*	-	7,813,663
Loss for the period	-	-	-	-	(349,739)	-	(349,739)
Other comprehensive income for the period:							
Change in fair value on available-for-sale investments, net of tax (Note a)	-	-	(42,942)	-	-	-	(42,942)
Reclassification adjustment for loss included in profit or loss upon disposal of available-for-sale investments	-	-	23,866	-	-	-	23,866
Total comprehensive income for the period	-	-	(19,076)	-	(349,739)	-	(368,815)
Transfers from accumulated losses (Note b):							
Net unrealised loss on change in fair value of financial assets at fair value through profit or loss	-	-	-	(34,503)	34,503	-	-
At 30 June 2016 (unaudited)	890,500	11,176,435*	(26,728)*	(1,615,204)*	(2,980,155)*	-	7,444,848

* These reserve accounts comprise the consolidated reserves of US\$6,554,348 (31 December 2015: US\$6,923,163) in the interim condensed statement of financial position.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (Cont'd)

Six months ended 30 June 2016

	Issued capital US\$	Share premium* US\$	Available- for-sale investments revaluation reserve* US\$	Capital reserve* US\$	Accumulated losses* US\$	Proposed dividend US\$	Total US\$
At 1 January 2015 (audited)	890,500	11,176,435*	149,674*	1,636,034*	(1,995,409)*	890,500	12,747,734
Loss for the period	-	-	-	-	(650,128)	-	(650,128)
Other comprehensive income for the period:							
Change in fair value on available-for-sale investments, net of tax (Note a)	-	-	215,309	-	-	-	215,309
Reclassification adjustment for loss included in profit or loss upon disposal of available-for-sale investments	-	-	(241,481)	-	-	-	(241,481)
Total comprehensive income for the period	-	-	(26,172)	-	(650,128)	-	(676,300)
Transfers from accumulated losses (Note b):							
Net unrealised loss on change in fair value of financial assets at fair value through profit or loss	-	-	-	(621,357)	621,357	-	-
2014 final special dividend paid	-	-	-	-	-	(890,500)	(890,500)
At 30 June 2015 (unaudited)	890,500	11,176,435*	123,502*	1,014,677*	(2,024,180)*	-	11,180,934

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 Amended Memorandum and Articles of Association passed 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 2016 and 31 December 2015, 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 2016

	Six months ended 30 June	
	2016 (Unaudited) US\$	2015 (Unaudited) US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	(349,739)	(650,128)
Adjustment for:		
Interest income	(139)	(127)
Dividend income	(11,122)	(29,057)
Loss/(gain) on disposal of available-for-sale investments	23,866	(241,481)
Fair value loss on investment in financial assets at fair value through profit or loss	34,503	621,357
Operating cash flows before movements in working capital	(302,631)	(299,436)
Decrease/(increase) in prepayments and other receivables	23,869	(523,653)
(Decrease)/increase in amount due to Investment Manager	(1,525)	10,268
(Decrease)/increase in payables and accruals	(2,243)	87,361
Cash used in operations	(282,530)	(725,460)
Interest received	139	127
Dividend received	7,370	10,814
Net cash flows used in operating activities	(275,021)	(714,519)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of available-for-sale investments	1,271,901	1,381,753
Purchase of available-for-sale investments	(715,270)	(1,649,877)
Net cash flows from/(used in) investing activities	556,631	(268,124)
CASH FLOWS FROM FINANCING ACTIVITIES	-	(890,500)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	281,610	(1,873,143)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	2,524,602	2,741,983
CASH AND CASH EQUIVALENTS AT 30 JUNE	2,806,212	868,840
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash at bank	2,806,212	868,840

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS*Six months ended 30 June 2016***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 2016 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 2015, 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 2015.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2016

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 2015, except for the adoption of the following new and revised HKFRSs as of 1 January 2016, noted below:

Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
HKFRS 14	<i>Regulatory Deferral Accounts</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011) <i>Annual Improvements 2012-2014 Cycle</i>	<i>Equity Method in Separate Financial Statements</i> <i>Amendments to a number of HKFRSs</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 HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

- (i) the materiality requirements in HKAS 1;
- (ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
- (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
- (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2016

4. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss and other comprehensive income. The amendments do not have any significant impact on the Company's financial statements.

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	<i>Financial Instruments</i> ¹
HKFRS 15	<i>Revenue from Contracts with Customers</i> ¹
HKFRS 16	<i>Leases</i> ²

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

Further information about those HKFRSs that are expected to be applicable to the Company is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Company expects to adopt HKFRS 9 from 1 January 2018. The Company is currently assessing the impact of the standard upon adoption and expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Company's financial assets.

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

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2016

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

During the period ended 30 June 2016, the Company had one unlisted equity securities investment. Further details of the Company's investments are included in notes 10 and 11 to the interim condensed financial statements.

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 2016</u>			
<u>(unaudited)</u>			
Segment results	(12,744)	(34,503)	(47,247)
Bank interest income			139
Unallocated expenses			(302,631)
Loss for the period			(349,739)
 <u>Six months ended 30 June 2015 (unaudited)</u>			
Segment results	(350,819)	–	(350,819)
Bank interest income			127
Other income			22,977
Unallocated expenses			(322,413)
Loss for the period			(650,128)

For the six months ended 30 June 2016 and 2015, segment results represented the net loss on disposal of listed securities classified as available-for-sale investments, net loss on fair value of unlisted equity securities classified as financial assets at fair value through profit or loss (30 June 2015: disclosed as listed securities), 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.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2016

5. OPERATING SEGMENT INFORMATION (Cont'd)

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.

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

	Listed securities US\$	Unlisted securities US\$	Total US\$
At 30 June 2016 (unaudited)			
Available-for-sale investments	449,887	–	449,887
Financial assets at fair value through profit or loss	–	4,232,254	4,232,254
Total segment assets	449,887	4,232,254	4,682,141
Unallocated assets			2,828,995
Total assets			7,511,136
At 31 December 2015 (audited)			
Available-for-sale investments	1,049,460	–	1,049,460
Financial assets at fair value through profit or loss	–	4,266,757	4,266,757
Total segment assets	1,049,460	4,266,757	5,316,217
Unallocated assets			2,567,502
Total assets			7,883,719

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, dividend receivable and cash and bank balances.

All liabilities as at 30 June 2016 and 31 December 2015 are unallocated liabilities.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2016

6. GAIN OR LOSS ON INVESTMENTS

	Listed securities US\$	Unlisted securities US\$	Total US\$
<u>Six months ended 30 June 2016</u>			
<u>(unaudited)</u>			
<i>Included in profit or loss:</i>			
Realised loss:			
Available-for-sale investments	(23,866)	–	(23,866)
Unrealised loss:			
Financial assets at fair value through profit or loss	–	(34,503)	(34,503)
Total realised and unrealised losses included in profit or loss	(23,866)	(34,503)	(58,369)
<i>Included in other comprehensive income:</i>			
Unrealised loss of:			
Available-for-sale investments at 30 June 2016	(19,076)	–	(19,076)
Total realised and unrealised losses for the period	(42,942)	(34,503)	(77,445)

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2016

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

	Listed securities US\$	Unlisted securities US\$	Total US\$
<u>Six months ended 30 June 2015 (unaudited)</u>			
<i>Included in profit or loss:</i>			
Realised gain:			
Available-for-sale investments	241,481	–	241,481
Unrealised loss:			
Financial assets at fair value through profit or loss	(621,357)	–	(621,357)
Total realised and unrealised losses included in profit or loss	<u>(379,876)</u>	–	<u>(379,876)</u>
<i>Included in other comprehensive income:</i>			
Unrealised loss:			
Available-for-sale investments at 30 June 2015	(26,172)	–	(26,172)
Total realised and unrealised losses for the period	<u>(406,048)</u>	–	<u>(406,048)</u>

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 2016 (six months ended 30 June 2015 (unaudited): Nil).

8. DIVIDEND

The directors did not recommend the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015 (unaudited): Nil).

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2016

9. LOSS PER SHARE – BASIC AND DILUTED

The calculation of basic loss per share is based on the loss for the period of US\$349,739 (six months ended 30 June 2015 (unaudited): loss of US\$650,128) and weighted average number of ordinary shares of 8,905,000 (six months ended 30 June 2015 (unaudited): 8,905,000) in issue during the period.

No adjustment has been made to the basic loss per share amounts for the six month periods ended 30 June 2016 and 2015 in respect of a dilution as the Company had no potentially dilutive ordinary shares in issue during those six month periods ended 30 June 2016 and 2015.

10. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2016 (Unaudited) US\$	31 December 2015 (Audited) US\$
Non-current:		
Listed equity securities, at fair value	449,887	967,106
Suspended trading listed equity securities, at fair value	–	82,354
	449,887	1,049,460

Notes:

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.

During the six months ended 30 June 2016, the net fair value loss in respect of the Company's Hong Kong listed available-for-sale investments recognised in other comprehensive income amounted to US\$42,942, of which a loss of US\$23,866 was reclassified from other comprehensive income to profit or loss upon disposal for the period.

During the six months ended 30 June 2015, the net fair value gain in respect of the Company's Hong Kong and Taiwan listed available-for-sale investments recognised in other comprehensive income amounted to US\$215,309, of which a gain of US\$241,481 was reclassified from other comprehensive income to profit or loss upon disposal for the period.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS*Six months ended 30 June 2016***11. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS**

30 June 2016 (Unaudited) US\$	31 December 2015 (Audited) US\$
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Non-current:

Ordinary shares

Global Market Group Limited ("GMG")

4,232,254	4,266,757
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The above financial asset at 30 June 2016 and 31 December 2015 was upon initial recognition, designated by the Company as at fair value through profit or loss.

As at 30 June 2016 and 31 December 2015, a total of 8,734,897 ordinary shares of GMG are held by the Company, representing 9.36% of GMG's total issued ordinary shares. As at 30 June 2016 and 31 December 2015, the values of GMG ordinary shares were measured using relative valuation models.

12. SHARE CAPITAL

30 June 2016 (Unaudited) US\$	31 December 2015 (Audited) US\$
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Authorised:

18,000,000 (2015: 18,000,000) ordinary shares of
US\$0.1 each

1,800,000	1,800,000
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Issued and fully paid:

8,905,000 (2015: 8,905,000) ordinary shares of
US\$0.1 each

890,500	890,500
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NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

*Six months ended 30 June 2016***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 2016 of US\$7,444,848 (31 December 2015 (audited): US\$7,813,663) and the number of ordinary shares of 8,905,000 in issue as at 30 June 2016 (31 December 2015 (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	
	2016	2015
	(Unaudited)	(Unaudited)
	US\$	US\$
Investment management and administration fees charged by the investment manager	77,253	125,421

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.

With effect from the year ended 31 December 2015, the Investment Manager is entitled to an incentive fee equal to 20% of the excess amount by which the NAV of the Company as at 31 December of each year exceeding the high water mark, i.e. the highest NAV as at 31 December in any year less the aggregate amount of all dividends paid by the Company during the year (as defined in the seventh supplemental agreement to the investment management agreement, the initial high water mark should be the NAV as at 31 December 2010, being US\$31,048,060).

During the six months ended 30 June 2016, the Investment Manager was not entitled to receive an incentive fee in relation to the performance of the Company (six months ended 30 June 2015 (unaudited): Nil), in accordance with the incentive fee calculation of the Investment Management Agreements.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS*Six months ended 30 June 2016***14. RELATED PARTY TRANSACTIONS** (Cont'd)

- (b) Outstanding balances with related parties:

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

- (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	
	2016	2015
	(Unaudited)	(Unaudited)
	US\$	US\$
Directors' fees	23,199	23,221

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.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2016

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Cont'd)

The fair values of listed equity investments are based on quoted market prices, which are within bid-ask spread. The fair values of suspended trading equity investment and unlisted equity investments are referenced to market comparable companies. The valuation methods are based on assumptions that are not supported by observable market prices or rates. The valuation requires making estimates about the movement of share prices of other comparable companies during the suspension, discounts for lack of marketability, expected earnings and price to earnings (PE) ratios. Management believes that the estimated fair values resulting from the valuation technique are reasonable, and that they were the most appropriate values at the end of the reporting periods.

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 US\$	Level 2 US\$	Level 3 US\$	
As at 30 June 2016 (unaudited)				
<i>Financial assets at fair value through profit or loss</i>				
Unlisted equity securities	–	–	4,232,254	4,232,254
<i>Available-for-sale investments</i>				
Listed equity securities	449,887	–	–	449,887
Total	449,887	–	4,232,254	4,682,141

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS*Six months ended 30 June 2016***15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS***(Cont'd)*

	Fair value measurement using			Total US\$
	Quoted price in active markets Level 1 US\$	Significant observable inputs Level 2 US\$	Significant unobservable inputs Level 3 US\$	
<u>As at 31 December 2015 (audited)</u>				
<i>Financial assets at fair value through profit or loss</i>				
Unlisted equity securities	–	–	4,266,757	4,266,757
<i>Available-for-sale investments</i>				
Listed equity securities	967,106	–	–	967,106
Suspended trading listed equity securities	–	–	82,354	82,354
Total	967,106	–	4,349,111	5,316,217

The Company did not have any financial liabilities measured at fair value as at 30 June 2016 and 31 December 2015.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2016

15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS
(Cont'd)*Financial assets at fair value through profit or loss*

During the six months ended 30 June 2016 and 2015, there were no transfers of fair value measurements into or out of Level 3 and between Level 1 and Level 2 for financial assets at fair value through profit or loss.

Reconciliation of Level 3 fair value measurements of financial assets at fair value through profit or loss is as follows:

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	US\$	US\$
<i>Financial assets at fair value through profit or loss</i>		
At 1 January	4,266,757	–
Change in fair value	(34,503)	–
	4,232,254	–
At 30 June	4,232,254	–

Available-for-sale investments

During the six months ended 30 June 2016 and 2015, there were no transfers of fair value measurements between Level 1 and Level 2.

There were transfers out of Level 3 fair value measurements during the six months ended 30 June 2016 and 2015 as shown in the below reconciliation. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting periods.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS*Six months ended 30 June 2016***15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS***(Cont'd)**Available-for-sale investments(Cont'd)*

Reconciliation of Level 3 fair value measurements of financial assets at fair value through profit or loss is as follows:

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	US\$	US\$
<i>Available-for-sale investments</i>		
At 1 January	82,354	659,124
Transfer into Level 1	(82,354)	(659,124)
At 30 June	—	—

16. EVENT AFTER REPORTING DATE

On 19 July 2016, the Company allotted and issued 1,781,000 shares at a price of US\$1.08 per share. These shares represent approximately 16.67% of the enlarged issued share capital of the Company. The Company's share capital and share premium have increased by US\$178,100 and US\$1,745,380, respectively.

17. 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 11 August 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Company recorded an unaudited loss of US\$349,739 for the six months ended 30 June 2016 (six months ended 30 June 2015: loss of US\$650,128). Such loss was mainly attributable to operating expenses incurred and unrealised fair value loss in the Company's investment in Global Market Group Limited ("GMG").

GMG cancelled its listing on the Alternative Investment Market ("AIM") of the London Stock Exchange in September 2015. In the absence of an active quoted market price for GMG as of 30 June 2016, the Investment Manager adopted a relative valuation model on its fair value by reference to listed companies in Chinese E-commerce industry. In the first half of 2016, global capital markets have been more optimistic of companies in E-commerce industry, leading to an industry-wide higher valuation. In consideration of GMG's lower earnings, the Company has reassessed its value. As at 30 June 2016, the Company recorded a fair value of US\$4,232,254 for this investment, which resulted in a US\$34,503 unrealised loss on the change in fair value as compared to that as at the end of 2015.

As for Hong Kong listed securities portfolio, the Company recorded realised loss of US\$23,866 (six months ended 30 June 2015: gain of US\$98,583) on disposal of listed securities for the six months ended 30 June 2016. Dividend income from listed securities of US\$11,122 was recorded in the reporting period as compared to US\$29,057 in the last corresponding period. Owing to concerns about the uncertain domestic economic growth prospects and stability of the stock market, the Company continued to adopt a conservative investment strategy in the first half year, which lowered market risk exposures. As a result the listed securities portfolio was less affected by the Hang Seng Index's ("HSI") slump at the beginning of the year. In the first half, the Company's listed securities portfolio fell slightly by 2%, whilst HSI was down by 5.1%.

The Company did not pay any dividend for the year ended 31 December 2015. As at 30 June 2016, the Company's net asset value ("NAV") per share was US\$0.84 as compared with US\$0.88 at the end of 2015; a slight drop of 4.5% represented by expenses incurred in the first half of 2016. As at 30 June 2016, the Company's share price was US\$1.34, reflecting a 59.52% premium to NAV per share.

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC REVIEW

China Economy

2016 is the outset of the “13th Five Year Plan”. In the context of continuing slowdown of world economy, the overall Chinese economy continued to progress with steady improvements thanks to active fiscal policy, accelerated growth in infrastructure investment and property market, coupled with a narrowing in the decline in the PPI. Growth remained within a reasonable range. GDP growth rates in 2016 were 6.7% year-on-year for the first and second quarter respectively and 6.7% year-on-year for the first half.

Apart from “steady” growth of the Chinese economy in the first half, supply-side structural reforms continue to boost economic growth driven by innovation and new industries which became faster and more significant, while contribution from non-manufacturing industries increased. Overall economy remained stable with new economy, consumption and service industry becoming major impetus, contributing towards initial success in economic transformation.

Fundamentals for growth of Chinese economy remain unchanged, while macro policies will maintain continuity and stability. For the second half of the year, it is expected that major growth drivers will continue to be derived from investment, supply-side structural reform, state-owned-enterprises reform, and public entrepreneurship and innovation. Structural reform will be stimulated by structural adjustment in maintaining economic progress within a reasonable range so as to achieve the economic goal set for the whole year of 2016.

Relevant stock markets' performance in the first half of 2016

Indices	30 June 2016	31 December 2015	Change
Hang Seng Index	20,794.37	21,914.40	-5.11%
Hang Seng China Enterprises Index	8,712.89	9,661.03	-9.81%
Hang Seng China-Affiliated Corporations Index	3,624.86	4,052.12	-10.54%
Shanghai SE Composite Index	2,929.61	3,539.18	-17.22%
Shenzhen SE Composite Index	1,974.24	2,308.91	-14.49%
Taiwan Exchange Index	8,666.58	8,338.06	3.94%
Dow Jones Industrial Average Index	17,929.99	17,425.03	2.90%
Standard and Poor's 500 Index	2,098.86	2,043.94	2.69%
NASDAQ Composite Index	4,842.67	5,007.41	-3.29%

Source: Bloomberg

MANAGEMENT DISCUSSION AND ANALYSIS

INVESTMENT REVIEW

Portfolio Allocation

	30 June 2016	31 December 2015
Listed investments	6%	14%
Unlisted investments	57%	54%
Cash and net receivables	37%	32%
Total	100%	100%

LISTED INVESTMENTS REVIEW

Hong Kong Stock Market

In the first half of 2016, affected by the slump in oil price and further depreciation of the Renminbi (“RMB”) at the beginning of the year, coupled with two trading curbs in 4 days triggered by the circuit breaker system implemented on A shares, the Hong Kong stock market fell sharply in January and February 2016. Thereafter, with the bottoming out of oil price, stabilising of the RMB and dovish signal released by the US Federal Reserve in postponing interest rate hike, it started to fluctuate upwards after the Lunar New Year holidays. Although the market went through several negative events during the period, including a significant appreciation of the Japanese Yen, uncertain schedule for the launch of Shenzhen-Hong Kong Stock Connect and the Brexit referendum, the HSI managed to stabilise in the range between 19,600 and 21,700. As at 30 June 2016, HSI closed at 20,794 points, down by 5.1% from 21,914 as at the end of last year.

Owing to concerns about the uncertain domestic economic growth prospects and stability of the stock market, the Company continued to adopt a conservative investment strategy in the first half year, which lowered market risk exposures. As a result the portfolio was less affected by the HSI’s slump at the beginning of the year. In the first half, the Company’s listed securities portfolio fell slightly by 2%, slightly outperforming the HSI.

MANAGEMENT DISCUSSION AND ANALYSIS

UNLISTED INVESTMENT REVIEW

The Investment Manager studied several potential projects in the first half of 2016. However, the Company did not make any new investments in view of limited cash resources.

Global Market Group Limited (“GMG”)

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. Currently, its internet trading service consists of M2B and M2B2C businesses. In response to the Chinese government's call for developing cross-border E-commerce industry and fully exert GMG's advantage of B2B E-commerce platform, GMG is planning to vigorously develop new cross-border E-commerce business. Corresponding cross-border direct selling E-commerce platform has been established and a mobile app is about to be released during the year.

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 were admitted to trading on the AIM of the London Stock Exchange on 22 June 2012. As at 30 June 2016, a total of 8,734,897 ordinary shares of GMG are held by the Company, representing 9.36% of GMG's total issued ordinary shares.

Pursuant to GMG's announcement, GMG's shares have been cancelled (“Cancellation”) from trading on the AIM on 24 September 2015 as it was unsuccessful in appointing a replacement nominated adviser (“Nomad”) within the time frame permitted under AIM listing rules. It is understood that such Cancellation was a result of a transaction entered into by GMG that may trigger AIM reverse takeover provisions and which led to the resignation of the former Nomad. Nonetheless, following the delisting, Global Market Group (Guangzhou) Limited (“GMGZ”), GMG's main operating subsidiary, submitted its application to list in the mainland China Market. As at 30 June 2016, GMGZ has obtained listing approval from the relevant authority of the so-called “New Third Board” in mainland China and is awaiting listing.

In the absence of an active quoted market price for GMG as of 30 June 2016, the Investment Manager adopted a relative valuation model on the fair value of GMG by reference to listed companies in Chinese E-commerce industry. In the first half of 2016, global capital markets have been more optimistic of companies in E-commerce industry, leading to an industry-wide higher valuation. In consideration of GMG's lower earnings, the Company has reassessed its value. As at 30 June 2016, the Company recorded a fair value of US\$4,232,254 for this investment, which resulted in a US\$34,503 unrealised loss on the change in fair value as compared to that as at the end of 2015.

The Investment Manager considers that valuation of GMG's shares are to be reassessed once GMGZ becomes listed on the New Third Board. GMG had a successful fund raising (based on a valuation higher than GMG's then market capitalisation) in September 2015 for this subsidiary in preparation for a relisting. It is expected that the listing will reflect a growth in value of its business in the second half of 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

For the second half of 2016, it is expected that global economic growth will lack impetus, with fiscal policy to remain accommodative. Although the US has entered into a cycle of interest rate hike, Brexit will drag the pace for the US in raising interest rate. Europe and China will maintain accommodative environment to stimulate economy, and the Euro and RMB are expected to continue to face downward pressures. Focusing on China, its economy has entered into a “New Normal State” with growth rate retreating from nearly 10% double-digit growth to around 6-7% mid-to-high growth. Problems of overcapacity will remain severe, supply-side reform are expected to be continuously implemented. Traditional industries will be faced with painful processes of capacity and inventory cuts. New economy led by service industries will encounter structural opportunities. Local Debt-Swap plan will be implemented gradually to reduce debt systematic risks. Reform of state-owned enterprises will continue to improve in efficiency. Accompanied by decreasing balance of southbound trading quota in SH-HK stock connect, the SZ-HK stock connect is expected to be launched within the year, which could be a short-term catalyst for the market.

However, many risk factors of common concern still exist. From a domestic perspective, the Chinese economy has slowed down significantly. The prospects of reform are as yet unclear while local government and corporate debt levels remain high. Stability of the financial system is still at risk. From a global perspective, risks of the US Presidential election, stagnant growth in Europe's overall economy and overall banking systematic risks still exist. Elections in several major EU countries next year may also trigger investors' concerns over possible exit from EU by some of the wealthy European countries.

Opportunities and risks both exist in the Hong Kong market. Although valuation of Hong Kong stock market is still attractive, only if domestic and global risks are relieved, can Hong Kong stock market attract more global capital to increase asset allocation. In the long run, Chinese capital is expected to choose Hong Kong as the primary bridgehead for capital outflow.

In terms of listed portfolio, the Investment Manager will adopt Barbell Approach to seek opportunities to overweight high dividend yield companies with stable income and revenues denominated in Hong Kong dollars and US dollars. On the other hand, the Investment Manager will continue to allocate funds to major New Economy enterprises in industries that are expected to benefit from Chinese economic transformation such as Internet, Healthcare and Alternative Energy. The Company will continue to adhere to its prudent investment strategy and always be aware of the risks.

In respect of unlisted investments, the Investment Manager will continue to look for premium direct investment projects with listing potentials and appropriate risks and scale. As to investment strategy, the Company shall continue to co-invest with other renowned fund management companies or industrial investment groups in the face of lacking available fund for new investments.

OTHER INFORMATION

KEY PERFORMANCE INDICATOR

The Board considers that periodic NAV of the Company is a significant financial indicator by which the development and performance of the Company's business can be measured effectively.

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL COMMITMENT

During 2016, the Company did not participate in any new unlisted investment. The Company's bank balances as of 30 June 2016 were US\$2,806,212 (31 December 2015: US\$2,524,602). Apart from listed securities investments, cash were used for operating and administrative expenses.

The Company did not have any bank borrowing or capital commitment on its unlisted investments as of 30 June 2016 and 31 December 2015 respectively.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Company's assets, liabilities and transactions are denominated either in US dollars or 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 2016, the Company's investment in one unlisted security is valued at US\$4.2 million. There is no hedging policy, the value of this investment and currency exposure risk are monitored closely by the Investment Manager.

EMPLOYEES

Other than maintaining 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 2016, 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' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2016, the following interests and short positions of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

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

Name	Capacity	Number of shares	Percentage of total issued shares	<i>Notes</i>
Shanghai Industrial Investment (Holdings) Co., Ltd.	Held by controlled corporation	1,884,792	21.16%	(1)
Mr. Bart M. Schwartz	Receiver of Gabriel Capital, L.P. and Ariel Fund Limited	1,061,817	11.92%	(2)
Mr. J Ezra Merkin	Held by controlled corporation	494,843	5.56%	(3)
Gabriel Capital Corporation	Held by controlled corporation	1,127,739	12.66%	(3)
Ariel Fund Limited	Beneficial owner	632,896	7.11%	(3)
Shanghai International Group Corporation Ltd.	Held by controlled corporation	495,000	5.56%	(4)

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Cont'd)

Notes:

- (1) Shanghai Industrial Investment (Holdings) Co., Ltd. has an indirect interest in the Company through its 100% indirect ownership in Eternity Business (HK) Investment Limited.
- (2) Mr. Bart M. Schwartz ("Receiver") was appointed on 29 May 2009 as the Receiver of Gabriel Capital, L.P. and Ariel Fund Limited, each of them were holding 428,921 shares and 632,896 shares in the Company respectively.
- (3) Mr. J. Ezra Merkin's indirect interests in the Company were 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.
- (4) 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..

Save as disclosed above, as at 30 June 2016, no person had registered an interest or short position in shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

EVENT AFTER REPORTING DATE – PLACING OF NEW SHARES UNDER THE GENERAL MANDATE

Subsequent to 30 June 2016, on 19 July 2016 in accordance with the terms and conditions of the subscription agreement dated 2 July 2016 (the "Subscription Agreement") between the Company and an independent third party ZKJK Capital Management Limited (the "Subscriber"), a total of 1,781,000 new shares in the Company (the "Subscription Shares"), representing approximately 16.67% of the enlarged issued share capital of the Company, have been successfully allotted and issued to the Subscriber at the subscription price of US\$1.08 per Subscription Share. The Subscription Shares are subject to a lock-up period of 12 months from the date of issue of the Subscription Shares. The Subscription Shares are allotted and issued under the General Mandate granted to the Directors at the Company's annual general meeting held on 24 May 2016 and after completion of the Subscription, the General Mandate has been fully utilised.

The net proceeds from the Subscription Shares after deducting all the relevant costs and expenses, were approximately US\$1.87 million, which will be used for the Company's future investments when such investment opportunities arise. The Subscriber is an investment holding company incorporated in Hong Kong and is wholly and beneficially owned by Mr. Yuan Chufeng. Mr. Yuan has been an entrepreneur in the People's Republic of China for more than 20 years with extensive property and securities investment experience. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

OTHER INFORMATION

EFFECTS OF THE SUBSCRIPTION

Long positions in the ordinary shares of US\$0.10 each of the Company subsequent to completion of the Subscription on 19 July 2016:

Name	Capacity	Number of shares	Percentage of total issued shares	Notes
Shanghai Industrial Investment (Holdings) Co., Ltd.	Held by controlled corporation	1,884,792	17.64%	(1)
Mr. Yuan Chufeng	Held by controlled corporation	1,781,000	16.67%	(2)
Mr. Bart M. Schwartz	Receiver of Gabriel Capital, L.P. and Ariel Fund Limited	1,061,817	9.94%	(3)
Gabriel Capital Corporation	Held by controlled corporation	1,127,739	10.55%	(4)
Ariel Fund Limited	Beneficial owner	632,896	5.92%	(4)

Notes:

- (1) Shanghai Industrial Investment (Holdings) Co., Ltd. holds these Shares through its 100% indirect ownership in Eternity Business (HK) Investment Limited.
- (2) Mr. Yuan Chufeng holds these shares through his 100% ownership in ZKJK Capital Management Limited, Subscriber of the Subscription Shares under the General Mandate whose holding of 1,781,000 shares in the Company represents 16.67% of the enlarged issued share capital of the Company subsequent to the completion of the Subscription.
- (3) Mr. Bart M. Schwartz was appointed on 29 May 2009 as the Receiver of Gabriel Capital, L.P. and Ariel Fund Limited, each of them were holding 428,921 shares and 632,896 shares in the Company respectively. His total indirect holding of 1,061,817 shares in the Company represents 9.94% of the enlarged issued share capital of the Company subsequent to the completion of the Subscription.
- (4) Gabriel Capital Corporation directly holds 494,843 shares in the Company and is also deemed to be indirectly interested in the Company through its management of Ariel Fund Limited, which holds 632,896 shares in the Company. As referred to under Note (3) above, such shares held by Ariel Fund Limited are under receivership. Together with its direct holding of 494,843 shares, Gabriel Capital Corporation is directly and indirectly interested in 1,127,739 shares in the Company, representing 10.55% of the enlarged issued share capital of the Company subsequent to the completion of the Subscription.

OTHER INFORMATION

EFFECTS OF THE SUBSCRIPTION *(Cont'd)*

Notes: (Cont'd)

- (5) The aggregate of the percentage figures does not double count the interests directly held by Ariel Fund Limited as stated in Notes (3) and (4) above. This is because both Mr. Bart M. Schwartz (as Receiver of Ariel Fund Limited) and Gabriel Capital Corporation (through its management of Ariel Fund Limited) are both indirectly interested in the Company through Ariel Fund Limited.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2016, the Company did not purchase, redeem or sell any of the Company's listed securities.

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 2016, 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.

OTHER INFORMATION

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 and Dr. HUA Min, all of whom are independent non-executive directors (“INEDs”). 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 2016 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.

REMUNERATION COMMITTEE

In compliance with the CG Code, the Company established its Remuneration Committee in March 2005 and comprises all three 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 2016.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company is pleased to present its Environmental, Social and Governance Report (“ESG Report”) for the six months to 30 June 2016 to demonstrate its commitment to sustainable development. This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) of Hong Kong Exchanges and Clearing Limited (“HKEx”), which covers two subject areas, Environmental and Social.

The Guide encourages an issuer to identify and disclose ESG information that is material and relevant to an issuer’s business. During the self-assessment of the Company’s business, the management has decided that out of the 11 ESG aspects suggested by the Guide, the below 6 ESG aspects are material to the Company:

Main ESG subject area in the Guide	ESG aspects
Environmental	A1. Emissions
	A2. Use of resources
Social	B3. Development and training
	B6. Product responsibility
	B7. Anti-corruption
	B8. Community investment

The reporting period of this ESG Report is from 1 January 2016 to 30 June 2016. Unless otherwise specified, the reporting boundary of this ESG Report is the same as this Interim Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. Environmental

Emissions and Use of Resources

According to the requirements of the Guide, the Company has quantified the greenhouse gas (GHG) emissions and resource usage of its office operation. The results¹ are summarised as follows:

	Jan 2016 – June 2016	Jan 2015 – June 2015
Electricity Consumed (kWh) ²	1,049	1,110
Paper Used (kg)	16.7	17.5
Scope 1 GHG Emissions ³ (kg CO _{2e})	0	0
Scope 2 GHG Emissions ⁴ (kg CO _{2e}) ⁵	773.8	818.8
Scope 3 GHG Emissions ⁶ (kg CO _{2e})	79	84
Total GHG Emissions (kg CO _{2e})	852.8	902.8

Notes:

- Please note that the Company's office also accommodates 5 other non-Company staff, all of whom are from its Investment Manager. As such, a factor of 1/6 or 0.167 is used to estimate the utility consumption accounted for the Company's staff. This ratio indicator method is based on the "Guidelines To Account for And Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong" (the "Carbon Audit Guidelines") published by the Environmental Protection Department and Electrical and Mechanical Services Department in 2010.
- Consumption from the central building services including electricity usage due to the elevator and central air-conditioning are excluded from the reporting scope, because it was not within the operational boundary of the Company.
- According to the Carbon Audit Guidelines, Scope 1 GHG Emissions refer to direct emissions from sources and removals by sinks.
- According to the Carbon Audit Guidelines, Scope 2 Emissions refer to energy indirect emissions. The disclosed figures are resulted from electricity purchased from power companies.
- The power company-specific emission factor of Hong Kong Electric Company is adopted for the calculation.
- According to the Carbon Audit Guidelines, Scope 3 Emissions refer to other indirect emissions (optional for reporting purposes). The disclosed figures are resulted from paper waste disposed at landfills.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. Environmental *(Cont'd)*

Emissions and Use of Resources (Cont'd)

The Company's operation is mainly office-based and the Company is committed to minimising the impact of businesses on the environment through adopting eco-friendly measures at the office. For example, staff is encouraged to reduce paper consumption by double-sided printing and reusing papers printed on one side.

In terms of energy saving measures, there are a number of good office practices as follows:

- A mix of LED and fluorescent lights are installed to reduce energy consumption for lighting;
- Staff is reminded to switch off lights and air-conditioning in the meeting room and computers at workstations when not in use;
- Room temperature is maintained at 25 degrees Celsius in the summer to save energy; and
- Conference calls instead of face-to-face meetings are arranged where possible.

The Company is dedicated to sustain implementation of the measures above, while it will explore other eco-friendly initiatives.

B. Social

1. *Employment and Labour Practices*

Development and Training

The Company supports its staff to develop and enhance their professional knowledge and skills to cope with the evolving market environment and compliance level. In addition to on-the-job training, staff is encouraged to take external professional training to strengthen work-related expertise. During the reporting period, the only staff of the Company has completed about 10 hours of training related to the Continuing Professional Development (CPD) requirements in order to discharge her duties professionally.

2. *Operating Practices*

Product Responsibility

The Company puts high priority in maintaining business integrity and corporate governance standards to promote the long-term best interests to all its shareholders and stakeholders. Brief corporate governance practices regarding product responsibility are summarised in the "Corporate Governance Code" section of this Interim Report.

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B. Social (Cont'd)

2. Operating Practices (Cont'd)

Product Responsibility (Cont'd)

During the reporting period, the Company received no complaint of any violations of the corporate governance code and the services provided. The operations and services provided by the Company also demonstrate its respect for intellectual property rights. The Company will continue to ensure applicable governmental and regulatory laws, rules, codes and regulations are complied with.

Anti-corruption

The Company upholds high standards on promoting anti-corruption, with all its employees and directors are required to maintain a high level of business ethics. The Audit Committee has the overall responsibility for matters related to the internal controls of anti-corruption. To demonstrate our commitment, a written whistleblowing policy and relevant communication channels have been established for employees to raise, in confidence, concerns on possible improprieties directly to the Audit Committee. This policy has been approved and adopted by the Board and is clearly stated in the Internal Policies and Procedures Manual of the Company.

During the reporting period, the Company had no legal cases regarding corrupt practices brought against the Company or its employees.

3. Community

The Company is fully aware of the importance of interacting with the wider community in fulfilling corporate social responsibility. In this aspect, the Company and its Investment Manager would explore the possibility to identify suitable partners and support community and environmental programmes that align with the Company's missions and values.

The Company believes the best way to serve the community is to drive positive impact through our investment portfolio. During the reporting period, the Company explored investment opportunities in several proposed environmental protection projects. To create shared values with the community and stakeholders, the Company will continue to consider ESG factors in selecting future investment projects.

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C. HKEx ESG Guide Reference

HKEx ESG Subject Areas		ESG Aspects	Disclosure Reference
Environmental		A1. Emissions A2. Use of resources A3. The environment and natural resources	Refer to "Environmental" section of this ESG Report. The office-based nature of the Company's operations are not considered to have significant impact on environment and natural resources.
Social	Employment and labour practices	B1. Employment	There is only one staff in the Company and all matters related to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare complied with the Employment Ordinance by the Labour Department.
		B2. Health and safety	The office-based operation of the Company is not considered to have significant occupational hazards. The Company has complied with all the major relevant laws and regulations such as Occupational Safety And Health Ordinance by the Labour Department.
		B3. Development and training	Refer to "Social" section of this ESG Report.
		B4. Labour standards	Child labour and forced labour are prohibited in the Company.
	Operating practices	B5. Supply Chain Management	The office-based operation of the Company is not considered to have a significant environmental and social risk of the supply chain.
		B6. Product responsibility	Refer to "Social" section of this ESG Report.
		B7. Anti-corruption	
	Community	B8. Community investment	Refer to "Social" section of this ESG Report.

By order of the Board

Shanghai International Shanghai Growth Investment Limited**WANG Ching***Executive Director*

Hong Kong, 11 August 2016