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**SHANGHAI INTERNATIONAL
SHANGHAI GROWTH INVESTMENT LIMITED**
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 770)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

FINANCIAL RESULTS

The Board of Directors (the “Board”) of Shanghai International Shanghai Growth Investment Limited (the “Company”) announces that the annual results of the Company for the year ended 31 December 2016, together with the comparative figures for the previous year, are as below:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2016

	<i>Notes</i>	2016 US\$	2015 <i>US\$</i>
INCOME AND GAIN/(LOSS) ON INVESTMENTS			
Interest income		371	259
Dividend income		19,795	42,957
Net change in unrealised loss on financial assets at fair value through profit or loss	6	(938,180)	(3,216,735)
Net gain/(loss) on disposal of available-for-sale investments	6	19,028	(50,065)
Impairment loss of an available-for-sale investment	6	–	(25,017)
Other income		–	35,818
Exchange loss		(4,000)	(14,611)
		(902,986)	(3,227,394)
EXPENSES			
Investment manager’s fees		(160,964)	(232,729)
Administrative expenses		(449,795)	(426,122)
		(610,759)	(658,851)
Loss before tax	5	(1,513,745)	(3,886,245)
Income tax	8	–	–
LOSS FOR THE YEAR		(1,513,745)	(3,886,245)

	<i>Note</i>	2016 US\$	2015 US\$
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax:			
Available-for-sale investments:			
Changes in fair value		(21,657)	(232,408)
Reclassification adjustments for (gain)/loss included in profit or loss			
– (gain)/loss on disposal		(19,028)	50,065
– impairment loss		–	25,017
		<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		(40,685)	(157,326)
		<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(1,554,430)	(4,043,571)
		<hr/>	<hr/>
LOSS PER SHARE – BASIC AND DILUTED	<i>10</i>	<u>(US15.59 cents)</u>	<u>(US43.64 cents)</u>

STATEMENT OF FINANCIAL POSITION

31 December 2016

	<i>Notes</i>	2016 <i>US\$</i>	2015 <i>US\$</i>
NON-CURRENT ASSETS			
Available-for-sale investments	<i>11</i>	990,005	1,049,460
Financial assets at fair value through profit or loss	<i>12</i>	3,328,577	4,266,757
Total non-current assets		4,318,582	5,316,217
CURRENT ASSETS			
Prepayments and other receivables	<i>13</i>	104,683	42,900
Cash and bank balances	<i>14</i>	3,828,641	2,524,602
Total current assets		3,933,324	2,567,502
CURRENT LIABILITIES			
Payable and accruals		48,689	45,657
Amount due to the investment manager		20,504	24,399
Total current liabilities		69,193	70,056
NET CURRENT ASSETS		3,864,131	2,497,446
NET ASSETS		8,182,713	7,813,663
EQUITY			
Share capital	<i>15</i>	1,068,600	890,500
Reserves		7,114,113	6,923,163
Total equity		8,182,713	7,813,663
NET ASSET VALUE PER SHARE	<i>16</i>	0.77	0.88

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2016

	<i>Notes</i>	Share capital US\$	Share premium account US\$	Available- for-sale revaluation investment reserve US\$ <i>(Note a)</i>	Capital reserve US\$ <i>(Note b)</i>	Accumulated losses US\$	Proposed dividend US\$	Total US\$
At 1 January 2016		<u>890,500</u>	<u>11,176,435</u>	<u>(7,652)</u>	<u>(1,580,701)</u>	<u>(2,664,919)</u>	-	<u>7,813,663</u>
Loss for the year		-	-	-	-	(1,513,745)	-	(1,513,745)
Other comprehensive income for the year:								
Net loss on change in fair value of available- for-sale investments, net of tax <i>(Note a)</i>		-	-	(21,657)	-	-	-	(21,657)
Reclassification adjustment for gain included in profit or loss upon disposal	6	-	-	(19,028)	-	-	-	(19,028)
Total comprehensive income for the year		-	-	(40,685)	-	(1,513,745)	-	(1,554,430)
Issuance of new ordinary shares for US\$0.1 each								
Increase in share capital	15	178,100	-	-	-	-	-	178,100
Increase in share premium	15	-	1,745,380	-	-	-	-	1,745,380
Transfer from accumulated losses <i>(Note b)</i> :								
Net unrealised loss on change in fair value of financial assets at fair value through profit or loss	6	-	-	-	(938,180)	938,180	-	-
At 31 December 2016		<u>1,068,600</u>	<u>12,921,815*</u>	<u>(48,337)*</u>	<u>(2,518,881)*</u>	<u>(3,240,484)*</u>	-	<u>8,182,713</u>

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2015

	Notes	Share capital US\$	Share premium account US\$	Available- for-sale revaluation investment reserve US\$ (Note a)	Capital reserve US\$ (Note b)	Retained profits/ (accumulated losses) US\$	Proposed dividend US\$	Total US\$
At 1 January 2015		890,500	11,176,435	149,674	1,636,034	(1,995,409)	890,500	12,747,734
Loss for the year		-	-	-	-	(3,886,245)	-	(3,886,245)
Other comprehensive income for the year:								
Net loss on change in fair value of available- for-sale investments, net of tax (Note a)		-	-	(232,408)	-	-	-	(232,408)
Reclassification adjustment for loss included in profit or loss upon disposal	6	-	-	50,065	-	-	-	50,065
Impairment of an available-for-sale investment		-	-	25,017	-	-	-	25,017
Total comprehensive income for the year		-	-	(157,326)	-	(3,886,245)	-	(4,043,571)
Transfer from accumulated losses (Note b):								
Net unrealised loss on change in fair value of financial assets at fair value through profit or loss	6	-	-	-	(3,216,735)	3,216,735	-	-
2014 special final dividend paid		-	-	-	-	-	(890,500)	(890,500)
At 31 December 2015		890,500	11,176,435*	(7,652)*	(1,580,701)*	(2,664,919)*	-	7,813,663

* These reserve accounts comprise the consolidated reserves of US\$7,114,113 (2015: US\$6,923,163) in the statement of financial position.

Notes:

- Fair value changes of available-for-sale investments are dealt with in the available-for-sale investment 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.
- Pursuant to the Company's Amended and Restated Memorandum and Articles of Association passed on 12 May 2011, profits arising from the realisation of investments shall be 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. As a result, net unrealised gain or loss on change in fair value of financial assets at fair value through profit or loss is transferred from retained profit/(accumulated losses) to capital reserve.

At 31 December 2016, the balance of the capital reserve represented the unrealised loss of financial assets at fair value through profit or loss.

NOTES TO FINANCIAL STATEMENTS

31 December 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, Uglan House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment company whose principal business is to make direct investments in operating companies and other entities established or having significant operations in, or doing business with, the People’s Republic of China (“PRC”). The Company also invests in PRC-related listed securities with the same investment objective in achieving long term capital appreciation of the Company’s assets.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under 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 value.

These financial statements are presented in United States dollars (“US\$”) and all values are rounded to the nearest dollar except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted the following new and revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11 HKFRS 14	<i>Accounting for Acquisitions of Interests in Joint Operations 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>Equity Method in Separate Financial Statements</i>
<i>Annual Improvements 2012–2014 Cycle</i>	Amendments to a number of HKFRSs

Other than as explained below regarding the impact of amendments to HKAS 1 and certain amendments included in the *Annual Improvements 2012–2014 Cycle*, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

- (a) 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 other comprehensive income 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.

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 have had no significant impact on the Company's financial statements.

- (b) *Annual Improvements to HKFRSs 2012–2014 Cycle* issued in October 2014 sets out amendments to a number of HKFRSs. Details of the amendments are as follows:
- *HKFRS 7 Financial Instruments: Disclosures*: Clarifies that the disclosures in respect of the offsetting of financial assets and financial liabilities in HKFRS 7 are not required in the condensed interim financial statements, except where the disclosures provide a significant update to the information reported in the most recent annual report, in which case the disclosures should be included in the condensed interim financial statements. The amendments are not applicable to the Company's annual financial statements.
 - *HKAS 34 Interim Financial Reporting*: Clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report. The amendment also specifies that the information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. The amendment is not applicable to the Company's annual financial statements.

4. 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 11 and 12 to the financial statements.

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

Year ended 31 December 2016	Listed securities US\$	Unlisted securities US\$	Total US\$
Segment results	<u>38,823</u>	<u>(938,180)</u>	(899,357)
Interest income from bank deposits			371
Exchange loss			(4,000)
Unallocated expenses			<u>(610,759)</u>
Loss before tax			<u>(1,513,745)</u>
Year ended 31 December 2015	Listed securities US\$	Unlisted securities US\$	Total US\$
Segment results	<u>(32,125)</u>	<u>(3,216,735)</u>	(3,248,860)
Interest income from bank deposits			259
Other Income			35,818
Exchange loss			(14,611)
Unallocated expenses			<u>(658,851)</u>
Loss before tax			<u>(3,886,245)</u>

For the year ended 31 December 2016, segment results represented the net gain 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, and the corresponding dividend income earned by each segment without the allocation of administrative expenses and interest income from bank deposits as well as the investment manager's fees.

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

4. OPERATING SEGMENT INFORMATION (Cont'd)

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

At 31 December 2016	Listed securities US\$	Unlisted securities US\$	Total US\$
Available-for-sale investments	990,005	–	990,005
Financial assets at fair value through profit or loss	–	3,328,577	3,328,577
Total segment assets	990,005	3,328,577	4,318,582
Unallocated assets			3,933,324
Total assets			8,251,906
At 31 December 2015	Listed securities US\$	Unlisted securities US\$	Total US\$
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, and cash and bank balances.

All liabilities as at 31 December 2016 and 31 December 2015 were unallocated liabilities.

5. LOSS BEFORE TAX

The Company's loss before tax is arrived at after charging:

	2016	2015
	<i>US\$</i>	<i>US\$</i>
Auditor's remuneration	44,478	41,285
Custodian fee	15,898	13,994
Staff costs (excluding directors' remuneration) (<i>Note</i>)		
Salaries and other benefits of an employee	76,796	76,828
Retirement benefit costs	7,075	7,090
	<u>76,796</u>	<u>7,090</u>

Note:

During the year ended 31 December 2016, four (2015: four) individuals received remuneration from the Company. One employee's remuneration is disclosed thereon and the remuneration of three directors is disclosed in note 7 to the financial statements.

6. GAIN OR LOSS ON INVESTMENTS

At 31 December 2016	Listed securities	Unlisted securities	Total
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Included in profit or loss:			
Realised gain:			
Available-for-sale investments	19,028	–	19,028
Financial assets at fair value through profit or loss	–	–	–
	<u>19,028</u>	–	<u>19,028</u>
Unrealised loss:			
Available-for-sale investments	–	–	–
Financial assets at fair value through profit or loss	–	(938,180)	(938,180)
	<u>19,028</u>	<u>(938,180)</u>	<u>(938,180)</u>
Total realised and unrealised gain/(loss) included in profit or loss	<u>19,028</u>	<u>(938,180)</u>	<u>(919,152)</u>
Included in other comprehensive income:			
Unrealised loss:			
Available-for-sale investments	(40,685)	–	(40,685)
Total realised and unrealised loss for the year	<u>(21,657)</u>	<u>(938,180)</u>	<u>(959,837)</u>

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

At 31 December 2015	Listed securities US\$	Unlisted securities US\$	Total US\$
Included in profit or loss:			
Realised loss:			
Available-for-sale investments	(50,065)	–	(50,065)
Financial assets at fair value through profit or loss	–	–	–
	<u>(50,065)</u>	<u>–</u>	<u>(50,065)</u>
Unrealised loss:			
Available-for-sale investments	(25,017)	–	(25,017)
Financial assets at fair value through profit or loss	–	(3,216,735)	(3,216,735)
	<u>(25,017)</u>	<u>(3,216,735)</u>	<u>(3,241,752)</u>
Total realised and unrealised loss included in profit or loss	<u>(75,082)</u>	<u>(3,216,735)</u>	<u>(3,291,817)</u>
Included in other comprehensive income:			
Unrealised loss:			
Available-for-sale investments	(157,326)	–	(157,326)
	<u>(157,326)</u>	<u>–</u>	<u>(157,326)</u>
Total realised and unrealised loss for the year	<u>(232,408)</u>	<u>(3,216,735)</u>	<u>(3,449,143)</u>

7. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2016 US\$	2015 US\$
Fees:		
Dr. HUA Min	15,466	15,482
Mr. ONG Ka Thai	15,466	15,482
Mr. YICK Wing Fat, Simon	15,466	15,482
	<u>46,398</u>	<u>46,446</u>

Except for the directors' fee paid to the independent non-executive directors totaling US\$46,398 (2015: US\$46,446), none of the directors has received any emoluments for both years.

There were no other emoluments payable to the directors during the year (2015: Nil).

8. INCOME TAX

No provision for Hong Kong profits tax has been made in the financial statements as the Company did not generate assessable profits arising in Hong Kong for the year ended 31 December 2016 (2015: Nil).

A reconciliation of the tax expense applicable to loss before tax at the statutory rate to the tax expense at the effective tax rate, and a reconciliation of the statutory tax rate to the effective tax rate, is as follows:

	2016		2015	
	US\$	%	US\$	%
Loss before tax	<u>(1,513,745)</u>		<u>(3,886,245)</u>	
Tax at the statutory tax rate	(249,768)	16.5	(641,230)	16.5
Tax losses not recognised	37,052	(2.4)	89,573	(2.3)
Income not subject to tax	(3,327)	0.2	(41,208)	1.1
Expenses not deductible for tax	<u>216,043</u>	<u>(14.3)</u>	<u>592,865</u>	<u>(15.3)</u>
Tax charge at the effective rate	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Deferred tax assets have not been previously recognized as the Company has been loss-making for some time and it is not considered probable that taxable profits will be available and cannot be set off against the accumulated tax loss from previous years of assessment in the foreseeable future.

9. DIVIDEND

No dividend has been proposed by the directors for the year ended 31 December 2016 (2015: Nil).

10. LOSS PER SHARE – BASIC AND DILUTED

The calculation of the basic earnings per share is based on the loss for the year of US\$1,513,745 (2015: loss of US\$3,886,245) and the weighted average number of ordinary shares of 9,712,776 (2015: 8,905,000) in issue during the year.

No adjustment has been made to the basic loss per share amounts for the years ended 31 December 2016 and 2015 in respect of dilution as the Company had no potentially dilutive ordinary shares in issue during the years ended 31 December 2016 and 2015.

11. AVAILABLE-FOR-SALE INVESTMENTS

	2016	2015
	US\$	US\$
Non-current:		
Listed equity investments, at fair value	<u>990,005</u>	<u>1,049,460</u>

The Company's investments in listed equity securities are held for the long-term and are non-trading in nature and are 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 year, the fair value loss in respect of the Company's available-for-sale investments recognised in other comprehensive income amounted to US\$21,657 (2015: US\$232,408), of which a net realised gain of US\$19,028 (2015: loss of US\$50,065 and impairment of US\$25,017) were reclassified from other comprehensive income to profit or loss.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 <i>US\$</i>	2015 <i>US\$</i>
Non-current:		
Ordinary shares		
– Global Market Group Limited (“GMG”)	<u>3,328,577</u>	<u>4,266,757</u>

The above financial assets at 31 December 2016 and 2015 were upon initial recognition, designated by the Company as at fair value through profit or loss.

As of 31 December 2016, a total of 8,734,897 ordinary shares of GMG are held by the Company (2015: 8,734,897 shares), representing 9.36% of GMG’s total issued ordinary shares (2015: 9.36%).

As of 31 December 2016 and 2015, the value of GMG ordinary shares was measured using relative valuation model.

13. PREPAYMENTS AND OTHER RECEIVABLES

	2016 <i>US\$</i>	2015 <i>US\$</i>
Prepayments	41,153	42,900
Other receivables	<u>63,530</u>	<u>–</u>
	<u>104,683</u>	<u>42,900</u>

14. CASH AND BANK BALANCES

Cash at bank earns interest at floating rates based on daily bank deposit rates. Cash and bank balances are deposited with a creditworthy bank, which management believes is of high credit quality.

15. SHARE CAPITAL

	2016 <i>US\$</i>	2015 <i>US\$</i>
Authorised:		
18,000,000 (2015: 18,000,000) ordinary shares of US\$0.10 each	<u>1,800,000</u>	<u>1,800,000</u>
Issued and fully paid:		
10,686,000 (2015: 8,905,000) ordinary shares of US\$0.10 each	<u>1,068,600</u>	<u>890,500</u>

15. SHARE CAPITAL (Cont'd)

There were no movements in the Company's share capital during the year ended 31 December 2015. A summary of movement in the Company's share capital for the year ended 31 December 2016 is as follows:

	Number of shares in issue	Share capital US\$	Share premium account US\$	Total US\$
At 1 January 2016	8,905,000	890,500	11,176,435	12,066,935
Shares issued (<i>Note</i>)	<u>1,781,000</u>	<u>178,100</u>	<u>1,745,380</u>	<u>1,923,480</u>
At 31 December 2016	<u>10,686,000</u>	<u>1,068,600</u>	<u>12,921,815</u>	<u>13,990,415</u>

Note: On 19 July 2016, 1,781,000 shares were issued to ZKJK Capital Management Limited at US\$1.08 per shares. The par value of the shares is US\$0.10 each, and the remaining of the subscription price of US\$0.98 per shares were considered share premium.

16. NET ASSET VALUE PER SHARE

The calculation of the net asset value ("NAV") per share is based on the Company's NAV as at 31 December 2016 of US\$8,182,713 (31 December 2015: US\$7,813,663) and the number of ordinary shares of 10,686,000 in issue as at 31 December 2016 (31 December 2015: 8,905,000).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Review of Results

The Company recorded a net loss of US\$1,513,745 for the year ended 31 December 2016, compared with a loss of US\$3,886,245 in 2015. Such loss was mainly attributable to unrealised fair value loss on one of the Company's unlisted investments, Global Market Group Limited ("GMG").

GMG cancelled its listing on the Alternative Investment Market ("AIM") of the London Stock Exchange in September 2015 and had since devoted its resources to achieve a listing of its main subsidiary's shares in the China market. In August 2016, Global Market Group (Guangzhou) Limited ("GMGZ"), GMG's main operating subsidiary, successfully listed its shares on the National Equities Exchange & Quotations ("NEEQ" or "New Third Board") in mainland China. As GMGZ shares listed on the New Third Board may only be traded by way of transfer by agreement and as there has not been any sale/purchase transaction in these shares since listing, they therefore do not have a readily quoted market price. In the absence of an active quoted market price for GMGZ as of 31 December 2016, the Investment Manager adopted a relative valuation model to calculate the fair value of GMG by reference to listed companies in Chinese E-commerce industry.

Affected by a tremendous downturn of global capital market since the beginning of 2016, relatively conservative assumptions were applied. In consideration of GMG's lower earnings, the Company has re-assessed its value and recorded a fair value of US\$3,328,577 as at 31 December 2016 for this investment, which resulted in US\$938,180 unrealised loss on the change in fair value as compared to that as at the end of 2015 (2015: unrealised loss of US\$3,216,735).

As for Hong Kong listed securities portfolio, the Company received dividend income of US\$19,795 for the 2016 year (2015: US\$42,957) and recorded realised gain on disposal of listed investments of US\$19,028 (2015: loss of US\$50,056 and impairment of US\$25,017). During the year, the Company's listed securities portfolio remained steady, in line with Heng Seng Index ("HSI") but outperformed Hang Seng China Enterprises Index ("HSCEI").

The Company did not pay any dividend for the year ended 31 December 2015. The Company's audited net asset value per share ("NAV") as at 31 December 2016 was US\$0.77, a 12.5% decrease as compared with US\$0.88 at the end of 2015. Such decrease was mainly due to the further unrealised loss on the fair value of GMG at the end of the year. At the end of December 2016, the Company's share price was US\$1.16 (2015: US\$1.70), reflecting a 50.65% premium to NAV per share.

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.

Performance of the Company's NAV for the past five years are summarised in the Company's annual report under the heading "Five Year Financial Summary". In the opinion of the Board, fluctuations in past NAV performances are mainly attributable to fluctuations in unrealised fair value gain or loss in one of the Company's investments.

LISTED INVESTMENTS REVIEW

Hong Kong Stock Market

Reviewing on 2016, the HSI saw upward fluctuations throughout the year. The HSI fell to the year's low of 18,279 points in February on factors including expectations of further depreciation of the Renminbi ("RMB"), the backfire of the A-share circuit breaker system and concerns over rate hikes by the US Federal Reserve. Hong Kong stock market later recovered on the back of stabilised Chinese economic data and RMB exchange rate, as well as a pickup in commodities markets and postponement of US Federal Reserve rate hike. In the middle of the year, the Brexit referendum only brought a short-lived negative impact to the Hong Kong stock market. Afterwards, the expectations of further quantitative easing around the world and the launch of Shenzhen-Hong Kong Stock Connect gave a boost to sentiment and liquidity of Hong Kong stocks, lifting the HSI to over 24,000 points. Donald Trump's winning the US presidential election raised expectations of a speed up in rate hikes, which resulted in money outflow from emerging markets to the US, leading to a slight correction in the HSI towards the year end.

As a result of the market rebound, performance of the Company's listed investment portfolio improved compared to that of last year and remained steady during the year, in line with HSI but outperformed HSCEI.

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 the Hong Kong stock market attract more global capital to increase asset allocation. The Company will continue to adopt a prudent investment strategy and always be aware of the risks.

Listed Securities Portfolio

As at 31 December 2016

Name of listed securities	Nature of business	Number of shares held	% held of total issued shares %	Cost US\$	Market value US\$	% of net asset value %	Dividend received US\$
<u>Listed on Hong Kong Stock Exchange</u>							
CK Hutchison Holdings Limited	Conglomerate	15,000	0.00039	182,485	170,000	2.08	-
China Mobile Limited	Telecom	11,500	0.00006	127,107	121,881	1.49	-
Ping An Insurance (Group) Company of China, Ltd – H shares	Financial & insurance services	24,000	0.00032	127,544	120,064	1.47	-
China Everbright International Limited	Utilities	160,000	0.00357	183,313	181,333	2.22	1,044
Sinopharm Group Co. Ltd – H shares	Healthcare	28,000	0.00235	128,130	115,345	1.41	-
CRRC Corporation Limited – H shares	Industrial & commercial vehicles	100,000	0.00229	99,226	89,738	1.10	3,202
China Minsheng Banking Corp., Ltd – H shares	Banking & financial services	122,000	0.00176	127,961	130,401	1.59	2,175
Zijin Mining Group Co., Ltd – H shares	Material – gold & precious metals	190,000	0.04793	62,576	61,243	0.74	-
Other listed securities				-	-	-	13,374
Total investment in listed securities				<u>1,038,342</u>	<u>990,005</u>	<u>12.10</u>	<u>19,795</u>

Listed Securities Portfolio

As at 31 December 2015

Name of listed securities	Nature of business	Number of shares held	% held of total issued shares %	Cost US\$	Market value US\$	% of net asset value %	Dividend received US\$
<u>Listed on Hong Kong Stock Exchange</u>							
Tencent Holdings Limited	E-Commerce & Internet services	21,500	0.00023	452,018	423,026	5.41	836
HSBC Holdings PLC	Banking & financial services	16,000	0.00008	125,761	127,782	1.64	–
Sichuan Pharmaceutical Holdings Group Ltd. – H shares	Medical & healthcare	200,000	0.00193	82,354	82,354	1.05	852
Sinopharm Group Co. Ltd – H shares	Medical & healthcare	17,200	0.00144	64,136	69,016	0.88	–
CSPC Pharmaceutical Group Limited – H shares	Medical & healthcare	74,000	0.00125	63,922	75,616	0.97	–
CRRC Corporation Limited – H shares	Commercial vehicles	80,000	0.00183	101,833	98,881	1.27	1,360
China Minsheng Bank Corp., Ltd – H shares	Banking & financial services	45,000	0.00065	40,925	44,590	0.57	1,781
CSOP FTSE China A50 ETF	Country fund – China	80,000	0.00484	126,163	128,195	1.64	3,147
Other listed securities				–	–	–	34,981
Total investment in listed securities				<u>1,057,112</u>	<u>1,049,460</u>	<u>13.43</u>	<u>42,957</u>

UNLISTED INVESTMENTS REVIEW

In 2016, China's economy continued to slow down whilst in the process of structural reform, which made small and medium enterprises ("SME"s) encounter difficulties in developing. Although Chinese government encouraged startup businesses, many SMEs remained at a primary stage with uncertain prospects. The Investment Manager studied several new potential projects during 2016. However, no new investments were consummated in view of the Company's limited cash resources.

Unlisted Investments Portfolio

As at 31 December 2016

Invested projects	Nature of business	% of equity interest	Amount invested at cost US\$	Impairment US\$	Fair value changes US\$	Carrying value of investment at 31.12.2016 US\$	% of net asset value	Dividend income US\$	Accumulated dividend income US\$
Investment in unlisted securities									
Global Market Group Limited (N)	B2B platform	9.36%	<u>5,847,458</u>	<u>(2,518,881)</u>	<u>-</u>	<u>3,328,577</u>	<u>40.68</u>	<u>-</u>	<u>1,814,613</u>

As at 31 December 2015

Invested projects	Nature of business	% of equity interest	Amount invested at cost US\$	Impairment US\$	Fair value changes US\$	Carrying value of investment at 31.12.2015 US\$	% of net asset value	Dividend income US\$	Accumulated dividend income US\$
Investment in unlisted securities									
Global Market Group Limited (N)	B2B platform	9.36%	<u>5,847,458</u>	<u>(1,580,701)</u>	<u>-</u>	<u>4,266,757</u>	<u>54.61</u>	<u>-</u>	<u>1,814,613</u>

Note: (N): An investment in shares through private placement in a B2B internet trading service provider, whose common shares were once listed on London Alternative Investment Market and delisted in September 2015 and reclassified as the Company's unlisted investment. GMG is seeking other relisting opportunities.

Global Market Group Limited (“GMG”)

GMG is a B2B internet trading service provider in the PRC. It focuses on providing an international trading service platform linking high-end quality export manufacturers in China with 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 in an effort to fully exert GMG’s advantage of its established B2B E-commerce platform, GMG vigorously developed new cross-border E-commerce businesses during 2016. Corresponding cross-border E-commerce platform on consignment basis has been established and a mobile app has been released for testing.

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 Alternative Investment Market (“AIM”) of the London Stock Exchange on 22 June 2012. As at 31 December 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 had been cancelled from trading on the AIM on 24 September 2015 as it was unsuccessful in appointing a replacement nominated adviser within the time frame permitted under AIM listing rules.

Global Market Group (Guangzhou) Limited (“GMGZ”), GMG’s main operating subsidiary, has been successfully listed on the National Equities Exchange & Quotations (“NEEQ” or “New Third Board”) in mainland China in August 2016. As GMGZ shares listed on the New Third Board may only be traded by way of transfer by agreement and there has not been any sale/purchase transaction in these shares since listing, they therefore do not have a readily quoted market price. In the absence of an active quoted market price for GMGZ as of 31 December 2016, the Investment Manager adopted a relative valuation model to calculate fair value of GMG by reference to listed companies in Chinese E-commerce industry. In consideration of GMG’s lower earnings, the fair value was re-assessed to US\$3,328,577 at 31 December 2016, which resulted in a US\$938,180 unrealised loss on the change in fair value as compared to that as at the end of 2015.

GMG’s M2B business is progressing towards maturity having been developed for several years. Development of its cross-border E-commerce consignment trading platform is expected to help in accelerating its overall business growth from 2017. GMGZ has announced its private placement plan in October 2016. However, given the weak liquidity and lack of continuous fund raising capability on the NEEQ to support GMGZ’s future strategic development, an announcement has been made by its board on 2 March 2017 of the intention to seek shareholders’ approval to delist GMGZ from NEEQ. It is expected that GMGZ will thereafter consider applying for a listing on other more efficient stock markets in the future.

OUTLOOK FOR 2017

Despite a stable economic recovery in the US, increase in global inflation and appearance of trade protectionism and populism as a result of the fact that US is expected to enter into a cycle of interest rate hikes, the uncertainty of President Trump's policies and the forthcoming elections of major European countries in 2017 will make global economy more vulnerable in the future.

Focusing on China, infrastructure investments will be conducive to the stable growth of the economy as other domestic growth drivers are still weak. It is expected that CPI will be relatively stable in 2017 compared to that of 2016. Fiscal policies will be focused on education, health, livelihood and other public service sectors as well as supply-side reforms, rather than on economic growth. Meanwhile, monetary policies will emphasize on system transformation and construction, instead of "quantitative" targets.

In terms of the Hong Kong stock market, in response to the launch of Shenzhen-Hong Kong Stock Connect, restrictions of the real estate markets in Hong Kong and the first and second tier cities on the Mainland as well as capital control in China amid US dollar appreciation, trading volume of Hong Kong stocks via stock connect is expected to increase. Meanwhile, thanks to the supply-side reforms and a stable near-term macro-economy, earnings of China-listed companies are expected to increase in 2017. Overall, valuation of the Hong Kong equity market definitely has an advantage over A shares and other global stock markets.

Looking ahead to 2017, in respect of investment strategy in listed securities, the Investment Manager will invest in both new and traditional economy sectors. In traditional economy sectors, some quality companies are expected to perform well from supply-side reforms including capacity and inventory cuts as well as deleveraging. Equities in new economy sectors experienced a sector-wide de-rating after Donald Trump became the US president elect, with valuation of some leading companies becoming relatively attractive.

In respect of investment in unlisted securities, 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.

LIQUIDITY AND FINANCIAL RESOURCES

In July 2016, the Company raised US\$1.87 million (net of issuing expenses) successfully by way of new issue of shares. The Company did not participate in any new unlisted investment in 2016. The Company's bank balances as of 31 December 2016 were US\$3,828,641 (2015: US\$2,524,602). No dividends were paid during the year. Apart from listed securities investments, cash were used for operating and administrative expenses.

CHARGE ON ASSETS, CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at 31 December 2016, there were no charges on the Company's assets and the Company had no material capital commitment on unlisted investments or any significant contingent liabilities (31 December 2015: nil).

As at 31 December 2016, as far as the Directors are aware, the Company was not involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against the Company.

GEARING RATIO

The Company did not have any bank borrowings as at 31 December 2016 and 31 December 2015. As at 31 December 2016, the Company's current ratio (current assets to current liabilities) was approximately 56.85 (2015: 36.65). The ratio of total liabilities to total assets of the Group was approximately 0.84% (2015: 0.89%).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Company's assets, liabilities and transactions are denominated either in Hong Kong dollars or US 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.

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 its Investment Manager. The Company determines its staff remuneration in accordance with prevailing market salary scales, individual qualifications and performance. Remuneration packages of the Company's employee including basic salary, double pay and mandatory provident fund are reviewed on a regular basis.

PLACING OF NEW SHARES UNDER THE GENERAL MANDATE

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.

PLACING OF NEW SHARES UNDER THE GENERAL MANDATE (Cont'd)

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIVIDEND DISTRIBUTION

The Board does not recommend the payment of any dividend for the year ended 31 December 2016 (2015: nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at the Ball Room, 1/F, South Pacific Hotel, 23 Morrison Hill Road, Wanchai, Hong Kong on Friday, 26 May 2017 at 10:30 a.m.. Notice of annual general meeting will be published and sent to shareholders in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the right to attend and vote at the Company's annual general meeting to be held on 26 May 2017 ("2017 AGM"), the Register of Members of the Company will be closed as set out below:

Latest time to lodge transfer documents for registration	4:30 pm on Friday, 19 May 2017
Closure of Register of Members	Monday, 22 May 2017 to Friday, 26 May 2017 (both dates inclusive)
Record date	Friday, 26 May 2017

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the 2017 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's registrar, Tricor Secretaries Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the aforementioned latest times.

CODE ON CORPORATE GOVERNANCE PRACTICES

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 financial year ended 31 December 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.

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the directors of the Company (“Model Code”). The Company has made specific enquiry of all directors of the Company regarding any non-compliance with the Model Code during the year ended 31 December 2016, all directors confirmed they had fully complied with the required standard set out in the Model Code.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SHARES

During the year, the Company did not purchase, sell or redeem any of its own shares.

AUDIT COMMITTEE

The Company’s Audit Committee has been established since 1999 and currently comprises three members, all of them are Independent Non-executive Directors of the Company. At least one of the members possesses appropriate qualifications or accounting or related financial management expertise. The Audit Committee has reviewed the accounting principles and policies adopted by the Company and discussed with the Investment Manager on internal audit results, internal controls, compliance procedures and financial reporting matters. It meets at least twice annually with the external auditor to discuss the interim results and annual audit of the Company. The Audit Committee has reviewed the annual results of the Company for the year ended 31 December 2016.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company will be despatched to shareholders of the Company and published on the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company (<http://shanghaigrowth.etnet.com.hk>) in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Dr. WANG Ching, Mr. WU Bin, as executive directors; Dr. HUA Min, Mr. ONG Ka Thai and Mr. YICK Wing Fat, Simon as independent non-executive directors; and Mr. FENG Huang and Mr. NI Jianwei as non-executive directors.

For and on behalf of the Board of
Shanghai International
Shanghai Growth Investment Limited
WANG Ching
Executive Director

Hong Kong, 23 March 2017