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SHANGHAI INTERNATIONAL SHANGHAI GROWTH INVESTMENT LIMITED

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

2017 INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

The Board of Directors (the “Board”) of Shanghai International Shanghai Growth Investment Limited (the “Company”) is pleased to announce the unaudited interim results of the Company for the six months ended 30 June 2017, along with comparative figures for the corresponding period in 2016. Such results have been reviewed by the Company’s audit committee (“Audit Committee”).

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
<i>Notes</i>	<i>US\$</i>	<i>US\$</i>
INCOME AND GAIN/(LOSS) ON INVESTMENTS		
Interest income	202	139
Dividend income	22,205	11,122
Net change in unrealised loss on financial assets at fair value through profit or loss	(435,729)	(34,503)
Net gain/(loss) on disposal of available-for-sale investments	83,222	(23,866)
	(330,100)	(47,108)

		Six months ended 30 June	
		2017	2016
		(Unaudited)	(Unaudited)
	<i>Notes</i>	<i>US\$</i>	<i>US\$</i>
EXPENSES			
Investment Manager's fees	14(a)	(81,762)	(77,253)
Administrative expenses		(255,006)	(225,378)
		<u>(336,768)</u>	<u>(302,631)</u>
Loss before tax		<u>(666,868)</u>	<u>(349,739)</u>
Tax expenses	7	<u>–</u>	<u>–</u>
LOSS FOR THE PERIOD		<u>(666,868)</u>	<u>(349,739)</u>
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale investments:			
Changes in fair value		152,226	(42,942)
Reclassification adjustment for loss included in profit or loss upon disposal		<u>(83,222)</u>	<u>23,866</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		<u>69,004</u>	<u>(19,076)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>(597,864)</u>	<u>(368,815)</u>
LOSS PER SHARE – BASIC AND DILUTED	9	<u>(6.24 cents)</u>	<u>(3.93 cents)</u>

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

30 June 2017

		30 June	31 December
		2017	2016
		(Unaudited)	(Audited)
	<i>Notes</i>	<i>US\$</i>	<i>US\$</i>
NON-CURRENT ASSETS			
Available-for-sale investments	10	1,414,131	990,005
Financial assets at fair value through profit or loss	11	2,892,848	3,328,577
Total non-current assets		4,306,979	4,318,582
CURRENT ASSETS			
Prepayments and other receivables		30,852	104,683
Cash and bank balances		3,337,554	3,828,641
Total current assets		3,368,406	3,933,324
CURRENT LIABILITIES			
Payables and accruals		67,766	48,689
Amount due to the Investment Manager	14(b)	22,770	20,504
Total current liabilities		90,536	69,193
NET CURRENT ASSETS		3,277,870	3,864,131
NET ASSETS		7,584,849	8,182,713
EQUITY			
Share capital	12	1,068,600	1,068,600
Reserves		6,516,249	7,114,113
Total equity		7,584,849	8,182,713
NET ASSET VALUE PER SHARE	13	0.71	0.77

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2017

	Issued capital US\$	Share premium US\$	Available- for-sale investments revaluation reserve US\$	Capital reserve US\$	Retained profits/ accumulated losses) US\$	Proposed dividend US\$	Total US\$
At 1 January 2017 (audited)	1,068,600	12,921,815*	(48,337)*	(2,518,881)*	(3,240,484)*	-	8,182,713
Loss for the period	-	-	-	-	(666,868)	-	(666,868)
Other comprehensive income for the period:							
Change in fair value of available-for-sale investments, net of tax (Note a)	-	-	152,226	-	-	-	152,226
Reclassification adjustment for gain included in profit or loss upon disposal of available-for-sale investments	-	-	(83,222)	-	-	-	(83,222)
Total comprehensive income for the period	-	-	69,004	-	(666,868)	-	(597,864)
Transfers from accumulated losses (Note b):							
Net unrealised loss on change in fair value of financial assets at fair value through profit or loss	-	-	-	(435,729)	435,729	-	-
At 30 June 2017 (unaudited)	<u>1,068,600</u>	<u>12,921,815*</u>	<u>20,667*</u>	<u>(2,954,610)*</u>	<u>(3,471,623)*</u>	<u>-</u>	<u>7,584,849</u>

* These reserve accounts comprise the consolidated reserves of US\$6,516,249 (31 December 2016: US\$7,114,113; six months ended 30 June 2016 (unaudited): US\$6,554,348) in the interim condensed statement of financial position.

	Issued capital US\$	Share premium US\$	Available- for-sale investments revaluation reserve US\$	Capital reserve US\$	Retained profits/ (accumulated losses) US\$	Proposed dividend US\$	Total US\$
At 1 January 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 of 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

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 2017 and 31 December 2016, the balance of the capital reserve represented the unrealised loss on financial assets at fair value through profit or loss.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2017

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”). 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

The interim condensed financial statements for the six months ended 30 June 2017 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 value. 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 2016, 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 judgements, 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 judgements 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 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 2016, except for the adoption of the following new and revised HKFRSs as of 1 January 2017, noted below:

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</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 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be provided in the financial statements.

Amendments to HKAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situations. The amendments clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

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.

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i> ¹
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i> ¹
HKFRS 9	<i>Financial Instruments</i> ¹
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
HKFRS 15	<i>Revenue from Contracts with Customers</i> ¹
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 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

³ No mandatory effective date yet determined but available for adoption

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.

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

During the period ended 30 June 2017, 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 <i>US\$</i>	Unlisted securities <i>US\$</i>	Total <i>US\$</i>
<u>Six months ended 30 June 2017 (unaudited)</u>			
Segment results	105,427	(435,729)	(330,302)
Bank interest income			202
Unallocated expenses			(336,768)
Loss for the period			(666,868)
<u>Six months ended 30 June 2016 (unaudited)</u>			
Segment results	(12,744)	(34,503)	(47,247)
Bank interest income			139
Unallocated expenses			(302,631)
Loss for the period			(349,739)

For the six months ended 30 June 2017 and 2016, segment results represented the net gain/(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, 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 the investment manager's fees.

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

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

	Listed securities <i>US\$</i>	Unlisted securities <i>US\$</i>	Total <i>US\$</i>
<u>At 30 June 2017 (unaudited)</u>			
Available-for-sale investments	1,414,131	–	1,414,131
Financial assets at fair value through profit or loss	–	2,892,848	2,892,848
Total segment assets	<u>1,414,131</u>	<u>2,892,848</u>	4,306,979
Unallocated assets			<u>3,368,406</u>
Total assets			<u>7,675,385</u>
<u>At 31 December 2016 (audited)</u>			
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	<u>990,005</u>	<u>3,328,577</u>	4,318,582
Unallocated assets			<u>3,933,324</u>
Total assets			<u>8,251,906</u>

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 2017 and 31 December 2016 are unallocated liabilities.

6. GAIN OR LOSS ON INVESTMENTS

	Listed securities US\$	Unlisted securities US\$	Total US\$
<u>Six months ended 30 June 2017 (unaudited)</u>			
<i>Included in profit or loss:</i>			
Realised gain:			
Available-for-sale investments	83,222	–	83,222
Unrealised loss:			
Financial assets at fair value through profit or loss	–	(435,729)	(435,729)
Total realised and unrealised gain/(loss) included in profit or loss	83,222	(435,729)	(352,507)
<i>Included in other comprehensive income:</i>			
Unrealised gain on:			
Available-for-sale investments at 30 June 2017	69,004	–	69,004
Total realised and unrealised gains/(losses) for the period	152,226	(435,729)	(283,503)
<u>Six months ended 30 June 2016 (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 loss included in profit or loss	(23,866)	(34,503)	(58,369)
<i>Included in other comprehensive income:</i>			
Unrealised loss on:			
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)

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 2017 (six months ended 30 June 2016 (unaudited): Nil).

8. DIVIDEND

The directors did not recommend the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016 (unaudited): Nil).

9. LOSS PER SHARE – BASIC AND DILUTED

The calculation of basic loss per share is based on the loss for the period of US\$666,868 (six months ended 30 June 2016 (unaudited): loss of US\$349,739) and the weighted average number of ordinary shares of 10,686,000 (six months ended 30 June 2016 (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 2017 and 2016 in respect of a dilution as the Company had no potentially dilutive ordinary shares in issue during those six month periods ended 30 June 2017 and 2016.

10. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2017 (Unaudited) US\$	31 December 2016 (Audited) US\$
Non-current:		
Listed equity investments, at fair value	<u>1,414,131</u>	<u>990,005</u>

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 2017, the net fair value gain in respect of the Company's Hong Kong listed available-for-sale investments recognised in other comprehensive income amounted to US\$152,226, of which a gain of US\$83,222 was reclassified from other comprehensive income to the profit or loss upon disposal for the period.

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.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2017 (Unaudited) US\$	31 December 2016 (Audited) US\$
Non-current:		
Ordinary shares		
Global Market Group Limited (“GMG”)	<u>2,892,848</u>	<u>3,328,577</u>

The above financial assets at 30 June 2017 and 31 December 2016 was upon initial recognition, designated by the Company as at fair value through profit or loss.

As at 30 June 2017 and 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. As at 30 June 2017 and 31 December 2016, the values of GMG ordinary shares were measured using relative valuation models.

12. SHARE CAPITAL

	30 June 2017 (Unaudited) US\$	31 December 2016 (Audited) US\$
Authorised:		
18,000,000 (2016: 18,000,000) ordinary shares of US\$0.1 each	<u>1,800,000</u>	<u>1,800,000</u>
Issued and fully paid:		
10,686,000 (2016: 10,686,000) ordinary shares of US\$0.1 each	<u>1,068,600</u>	<u>1,068,600</u>

13. NET ASSET VALUE PER SHARE

The calculation of the net asset value (“NAV”) per share is based on the Company’s NAV as at 30 June 2017 of US\$7,584,849 (31 December 2016 (audited): US\$8,182,713) and the number of ordinary shares of 10,686,000 in issue as at 30 June 2017 (31 December 2016 (audited): 10,686,000).

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	
	2017 (Unaudited) US\$	2016 (Unaudited) US\$
Investment management and administration fees charged by the investment manager	<u>81,762</u>	<u>77,253</u>

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 2014, 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 2017, the Investment Manager was not entitled to receive an incentive fee in relation to the performance of the Company (six months ended 30 June 2016 (unaudited): Nil), in accordance with the incentive fee calculation of the Investment Management Agreements.

(b) Outstanding balances with related parties:

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

(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	
	2017	2016
	(Unaudited)	(Unaudited)
	<i>US\$</i>	<i>US\$</i>
Directors’ fees	23,056	23,199

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.

Management has assessed that the fair values of all other financial assets and liabilities, carried at amortised cost, approximate to their respective carrying amounts 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 year end financial reporting.

The fair values of listed equity investments are based on quoted market prices. The fair values of suspended trading equity investment and unlisted equity investments are based on the reference 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 movements of share prices of other comparable companies during the suspension, discounts for lack of marketability, expected market multiples. Management believes that the estimated fair value resulting from the valuation technique, which is recorded in other comprehensive income, is reasonable, and that it was the most appropriate value at the end of the reporting period.

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

Assets measured at fair value:

	Quoted price in active markets Level 1 US\$	Fair value measurement using		
		Significant observable inputs Level 2 US\$	Significant unobservable inputs Level 3 US\$	Total US\$
As at 30 June 2017 (unaudited)				
<i>Financial assets at fair value through profit or loss</i>				
Unlisted equity securities	–	–	2,892,848	2,892,848
<i>Available-for-sale investments</i>				
Listed equity securities	1,414,131	–	–	1,414,131
Total	1,414,131	–	2,892,848	4,306,979

	Quoted price in active markets Level 1 US\$	Fair value measurement using		
		Significant observable inputs Level 2 US\$	Significant unobservable inputs Level 3 US\$	Total US\$
As at 31 December 2016 (audited)				
<i>Financial assets at fair value through profit or loss</i>				
Unlisted equity securities	–	–	3,328,577	3,328,577
<i>Available-for-sale investments</i>				
Listed equity securities	990,005	–	–	990,005
Total	990,005	–	3,328,577	4,318,582

The Company did not have any financial liabilities measured at fair value as at 30 June 2017 and 31 December 2016.

Financial assets at fair value through profit or loss

During the six months ended 30 June 2017 and 2016, 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	
	2017 (Unaudited) US\$	2016 (Unaudited) US\$
<i>Financial assets at fair value through profit or loss</i>		
At 1 January	3,328,577	4,266,757
Change in fair value	(435,729)	(34,503)
	<hr/>	<hr/>
At 30 June	<u>2,892,848</u>	<u>4,232,254</u>

Available-for-sale investments

During the six months ended 30 June 2017 and 2016, there were no transfers of fair value measurements between Level 1 and Level 2.

There were no transfers into Level 3 fair value measurements during the six months ended 30 June 2017 and 2016 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.

Reconciliation of Level 3 fair value measurements of available-for-sale investments is as follows:

	Six months ended 30 June	
	2017 (Unaudited) US\$	2016 (Unaudited) US\$
<i>Available-for-sale investments</i>		
At 1 January	–	82,354
Transfer into Level 1	–	(82,354)
	<hr/>	<hr/>
At 30 June	<u>–</u>	<u>–</u>

16. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved and authorised for issue by the Board of Directors of the Company on 15 August 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Company recorded an unaudited loss of US\$666,868 for the six months ended 30 June 2017 (six months ended 30 June 2016: unaudited loss of US\$349,739). Such loss was mainly attributable to unrealised loss on fair value in the Company's investment in Global Market Group Limited ("GMG").

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. However, given the weak liquidity and lack of continuous fund raising capability on the NEEQ to support GMGZ's future strategic development, GMGZ subsequently decided to delist from NEEQ and was completed in May 2017. It is expected that GMGZ will thereafter consider applying for a listing on other more efficient stock markets in the future.

In the absence of an active quoted market price for GMG or GMGZ, 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. The fair value was re-assessed to US\$2,892,848 at 30 June 2017, which resulted in a US\$435,729 unrealised loss on the change in fair value as compared to that as at the end of 2016.

As for Hong Kong listed securities portfolio, the Company recorded realised gain of US\$83,222 (six months ended 30 June 2016: loss of US\$23,866) on disposal of listed securities for the six months ended 30 June 2017. Dividend income from listed securities of US\$22,205 was recorded in the reporting period as compared to US\$11,122 in the last corresponding period.

The overall market rebound enabled the Company's listed investments portfolio to reverse last year's loss situation. During the first half of 2017, with an optimistic view on China economy and the stock market, the Company increased the authorised investment amount on listed investment portfolio to US\$2 million. Based on the new authorised investment amount, the Company's listed investments portfolio recorded an 8.8% gain at the end of first half. As at 30 June 2017, the Hang Seng Index closed at 25,765 points, up by 17.1% from 22,001 as at the end of last year.

As at 30 June 2017, the Company's net asset value ("NAV") per share was US\$0.71 as compared with US\$0.77 at the end of 2016; a decrease of 7.8% represented mainly by unrealised loss on fair value in GMG in the first half of 2017. As at 30 June 2017, the Company's share price was US\$1.00, reflecting a 40.85% premium to NAV per share.

INVESTMENT REVIEW

Portfolio Allocation

	30 June 2017	31 December 2016
Listed investments	19%	41%
Unlisted investments	38%	12%
Cash and net receivables	43%	47%
Total	100%	100%

LISTED INVESTMENTS REVIEW

Hong Kong Stock Market

In the first half of 2017, triggered by the fund inflow from south bound trading, the Chinese economy and Renminbi stabilised, coupled with new policies comprising massive infrastructure investment plans announced by the Trump government of the US, the Hang Seng Index (“HSI”) reversed its downward trend in the fourth quarter of 2016 and performed strongly in the first quarter of 2017. Thereafter, with the announcement of “Xiongan New Area”, better-than-expected quarterly results for most of the US and Hong Kong stocks, as well as the announcement on the inclusion of China A shares into the MSCI Emerging Markets Index in June, Hong Kong market continued to head north in the second quarter. Although the market went through several negative events during the period, including the tensions in the Middle East, the North Korean nuclear testing crisis and further interest rate hike by the US Federal Reserve (“Fed”), the HSI managed to stabilise at over 25,000. As at 30 June 2017, the HSI closed at 25,765 points, up by 17.1% from 22,001 as at the end of last year.

The overall market rebound enabled the Company’s listed investments portfolio to reverse last year’s loss situation. During the first half of 2017, with an optimistic view on China economy and the stock market, the Company increased the authorised investment amount in listed investment portfolio to US\$2 million. Based on this new authorised investment amount, the Company’s listed investments portfolio recorded an 8.8% gain at the end of first half.

UNLISTED INVESTMENTS REVIEW

The Investment Manager studied several potential projects in the first half of 2017. However, the company did not make any new investments in view of limited cash resources.

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 once admitted to trading on the Alternative Investment Market of the London Stock Exchange in 2012 but subsequently cancelled from trading in September 2015.

Global Market Group (Guangzhou) Limited (“GMGZ”), GMG’s main operating subsidiary, was successfully listed on the National Equities Exchange & Quotations (“NEEQ” or “New Third Board”) in mainland China in August 2016. However, given the weak liquidity and lack of continuous fund-raising capability on the NEEQ to support GMGZ’s future strategic development, GMGZ subsequently decided to delist from NEEQ and was completed in May 2017. It is expected that GMGZ will thereafter consider applying for a listing on other more efficient stock markets in the future.

GMGZ’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.

As at 30 June 2017, 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. In the absence of an active quoted market price for GMG or GMGZ, the Investment Manager adopted a relative valuation model on the fair value of GMG by reference to listed companies in the Chinese E-commerce industry. A fair value of US\$2,892,848 was recorded as at 30 June 2017 for this investment, which resulted in a US\$435,729 unrealised loss on the change in fair value as compared to that as at the end of 2016.

PROSPECTS

For the second half of 2017, it is expected that global economic growth will improve gradually whilst monetary policy will continue to tighten. Focusing on China, its economy has entered into a “New Normal State” with growth rate retreating from near double-digit growth to around 6%–7% mid-to-high growth. Overcapacity issues will remain severe and supply-side reforms are expected to be continuously implemented. Traditional industries will be faced with painful processes of capacity and inventory cuts, reform of state-owned enterprises will

continue to increase their efficiency. It is expected that China will further open up to the outside world under the “One-Belt, One-Road” strategy. Meanwhile, followed by SH-HK Stock Connect and SZ-HK Stock Connect, China A-shares’ inclusion into the MSCI Emerging Market Index should drive global capital to re-focus on the China market as a whole.

However, many risk factors of common concern still exist. From a domestic perspective, Chinese economy is expected to continue to slow down. The prospects of reform are as yet unclear while local governments and corporates debt level remain high. Deleveraging of stock market has yet to be completed with stability of financial system still at risk. From a global perspective, with the US Fed’s rate hike pace and trade protectionism accelerating, there will be more uncertainties in world economy.

In terms of listed investments, the Investment Manager will seek opportunities to overweight high-quality companies in traditional economic sectors. 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 and consumption upgrade such as internet, healthcare and consumer discretionary. 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 closely monitor the development of GMG with the view of seeking favorable exit opportunities as well as 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.

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 the first half of 2017, the Company did not participate in any new unlisted investment. The Company’s bank balances as of 30 June 2017 were US\$3,337,554 (31 December 2016: US\$3,828,641). 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 2017 and 31 December 2016 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 2017, the Company's investment in one unlisted security, whose operating currency is RMB, is valued at US\$2.9 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.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2017, 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 2017, 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.

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 information for the six months ended 30 June 2017 and discussed with management. 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.

The unaudited interim financial information has also been reviewed by the Company’s independent auditors, Ernst & Young, in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditors of the Entity” issued by HKICPA. Ernst & Young’s unmodified independent review report to the board of directors is included in interim report to be sent to shareholders.

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 2017.

PUBLICATION OF INTERIM REPORT

This announcement is published on the websites of The Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk) and the Company (<http://shanghaigrowth.etnet.com.hk/>).

The Company's 2017 interim report will be dispatched to shareholders of the Company as well as published on the aforesaid websites in due course.

By order of the Board of
Shanghai International
Shanghai Growth Investment Limited
WANG, Ching
Executive Director

Hong Kong, 15 August 2017

As at the date of this announcement, the Board comprises of the following directors:

Executive Directors

Dr. WANG Ching and Mr. WU Bin

Independent Non-Executive Directors

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

Non-Executive directors

Mr. FENG Huang and Mr. NI Jianwei