

SHANGHAI INTERNATIONAL SHANGHAI GROWTH INVESTMENT LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 770)

2017 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 1501, 15/F
Shanghai Industrial Investment Building
48-62 Hennessy Road
Wanchai, Hong Kong

In Shanghai:

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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

AUDITOR

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, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

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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 25, which comprises the condensed statement of financial position of Shanghai International Shanghai Growth Investment Limited (the "Company") as at 30 June 2017 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 other explanatory notes. The 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

15 August 2017

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

Six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
<i>Notes</i>	(Unaudited) US\$	(Unaudited) US\$
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)
EXPENSES		
Investment Manager's fees	(81,762)	(77,253)
Administrative expenses	(255,006)	(225,378)
	(336,768)	(302,631)
Loss before tax	(666,868)	(349,739)
Tax expenses	7	-
LOSS FOR THE PERIOD	(666,868)	(349,739)
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 (gain)/loss included in profit or loss upon disposal	(83,222)	23,866
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	69,004	(19,076)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(597,864)	(368,815)
LOSS PER SHARE – BASIC AND DILUTED	9 (US\$6.24 cents)	(US\$3.93 cents)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

30 June 2017

		30 June 2017 (Unaudited) US\$	31 December 2016 (Audited) US\$
	<i>Notes</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)	1,068,600	12,921,815*	20,667*	(2,954,610)*	(3,471,623)*	-	7,584,849

* 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: US\$6,554,348) in the interim condensed statement of financial position.

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

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 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.

INTERIM CONDENSED STATEMENT OF CASH FLOWS

Six months ended 30 June 2017

	Six months ended 30 June	
	2017 (Unaudited) US\$	2016 (Unaudited) US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	(666,868)	(349,739)
Adjustments for:		
Interest income	(202)	(139)
Dividend income	(22,205)	(11,122)
(Gain)/loss on disposal of available-for-sale investments	(83,222)	23,866
Net loss on investment in financial assets at fair value through profit or loss	435,729	34,503
Operating cash flows before movements in working capital	(336,768)	(302,631)
Decrease in prepayments and other receivables	86,354	23,869
Increase/(decrease) in amount due to the investment manager	2,266	(1,525)
Increase/(decrease) in payables and accruals	19,077	(2,243)
Cash used in operations	(229,071)	(282,530)
Interest received	202	139
Dividend received	9,682	7,370
Net cash flows used in operating activities	(219,187)	(275,021)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of available-for-sale investments	2,431,818	1,271,901
Purchase of available-for-sale investments	(2,703,718)	(715,270)
Net cash flows (used in)/from investing activities	(271,900)	556,631
CASH FLOWS FROM FINANCING ACTIVITIES	–	–
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(491,087)	281,610
CASH AND CASH EQUIVALENTS AT 1 JANUARY	3,828,641	2,524,602
CASH AND CASH EQUIVALENTS AT 30 JUNE	3,337,554	2,806,212
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash at bank	3,337,554	2,806,212

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.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2017

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.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS*Six months ended 30 June 2017***4. PRINCIPAL ACCOUNTING POLICIES (Cont'd)**

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

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions¹</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts¹</i>
HKFRS 9	<i>Financial Instruments¹</i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
HKFRS 15	<i>Revenue from Contracts with Customers¹</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers¹</i>
HKFRS 16	<i>Leases²</i>

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

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2017

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

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 US\$	Unlisted securities US\$	Total US\$
<u>Six months ended 30 June 2017</u> <u>(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</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)

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.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS*Six months ended 30 June 2017***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\$
<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	1,414,131	2,892,848	4,306,979
Unallocated assets			3,368,406
Total assets			7,675,385
<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	990,005	3,328,577	4,318,582
Unallocated assets			3,933,324
Total assets			8,251,906

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2017

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

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</u>			
<u>(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)

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS*Six months ended 30 June 2017***6. GAIN OR LOSS ON INVESTMENTS (Cont'd)**

	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>			
<i>Realised loss:</i>			
Available-for-sale investments	(23,866)	–	(23,866)
<i>Unrealised loss:</i>			
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>			
<i>Unrealised loss on:</i>			
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 2017

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.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS*Six months ended 30 June 2017***10. AVAILABLE-FOR-SALE INVESTMENTS**

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

Note:

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")	2,892,848	3,328,577

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.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2017

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	1,800,000	1,800,000
Issued and fully paid:		
10,686,000 (2016: 10,686,000) ordinary shares of US\$0.1 each	1,068,600	1,068,600

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).

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS*Six months ended 30 June 2017***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	2016
	(Unaudited)	(Unaudited)
	US\$	US\$
Investment management and administration fees charged by the investment manager	81,762	77,253

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.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2017

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	
	2017	2016
	(Unaudited)	(Unaudited)
	US\$	US\$
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.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS*Six months ended 30 June 2017***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. 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:

	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\$	
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

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2017

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\$	
<i>As at 31 December 2016 (audited)</i>				
<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.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS*Six months ended 30 June 2017***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 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	2016
	(Unaudited)	(Unaudited)
	US\$	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)
	2,892,848	4,232,254

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.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

Six months ended 30 June 2017

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 available-for-sale investments is as follows:

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

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.

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC REVIEW

China Economy

Due to positive Chinese macroeconomic policy and recovery of world economy, the overall Chinese economy continued to run steadily with improvements in the first half of 2017. Gross Domestic Product (GDP) growth rates for the year so far were 6.9% year-on-year for each of the first and second quarter and 6.9% year-on-year for the first half.

Profitability in the manufacturing industry recovered through stable overall domestic demand, recovery of overseas markets, consolidation within industry and supply-side reform. Purchasing Managers' Index (PMI) in the manufacturing sector is 51.7 in June, which has been continuously rising for the past eleven months. Such increasing profitability is expected to support the continued overall economic recovery in the second half. Chinese economic structure continues to improve and find new growth momentum. With elevation in consumer spending, "One-Belt, One-Road" exploring strategic new markets, active emerging industries and informatisation have all contributed to positive factors for the Chinese economy.

With the aim of reducing financial risks and promoting real economic growth, financial deleveraging and regulatory supervision have led to liquidity tightening in certain areas. In the second half of the year, focus will be on whether the above policies will have any negative impact on the real economy which may require appropriate fine tuning.

The fundamental growth factors for the Chinese economy have remained unchanged. The rate of investment in real estate and infrastructure is slowing down, which may adversely affect the growth rate in the next six months. Nevertheless, recovery in overseas demand supports Chinese exports, and income increases support domestic consumption. The Chinese economic growth rate is likely to slow down, but it may outperform expectations. Overall, we believe the Chinese economy will have a slower but yet promising growth.

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC REVIEW (Cont'd)

Relevant stock markets' performance in the first half of 2017

Indices	30 June 2017	31 December 2016	Change
Hang Seng Index ("HSI")	25,764.58	22,000.56	17.11%
Hang Seng China Enterprises Index	10,365.22	9,394.87	10.33%
Hang Seng China-Affiliated Corporation Index	4,005.23	3,587.99	11.63%
Shanghai SE Composite Index	3,192.43	3,103.64	2.86%
Shenzhen SE Composite Index	1,897.69	1,969.11	-3.63%
Taiwan Exchange Index	10,395.07	9,253.50	12.34%
Dow Jones Industrial Average Index	21,349.63	19,762.60	8.03%
Standard and Poor's 500 Index	2,423.41	2,238.83	8.24%
NASDAQ Composite Index	6,140.42	5,383.12	14.07%

Source: Bloomberg

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%

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

LISTED SECURITIES PORTFOLIO

As at 30 June 2017

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\$
Listed on Hong Kong							
Stock Exchange							
HSBC Holdings PLC	Banking & Financial Services	16,000	0.0001	129,950	148,888	1.96	1,600
China Petroleum & Chemical Corporation – H shares	Energy	160,000	0.0006	127,998	124,808	1.65	–
China Construction Bank Corporation – H shares	Banking & Financial Services	150,000	0.0001	124,646	116,239	1.53	5,530
China Mobile Limited	Telecom	12,000	0.0001	131,589	127,344	1.68	1,723
Ping An Insurance (Group) Company of China, Ltd – H shares	Financial & Insurance Services	10,000	0.0001	52,819	65,901	0.87	–
China Everbright International Limited	Utilities	100,000	0.0022	126,783	124,757	1.65	834
Sinotrans Shipping Limited	Shipping & Port Operation	540,000	0.0135	128,555	136,259	1.80	2,105
Sinopharm Group Co., Limited – H shares	Healthcare	14,000	0.0012	63,208	63,300	0.83	–
CRRC Corporation Limited – H shares	Industrial & Commercial Vehicles	195,000	0.0045	192,158	175,338	2.31	5,392
Guotai Junan International Holdings Limited	Securities & Financial Services	400,000	0.0057	123,601	123,988	1.63	2,310
Lee & Man Paper Manufacturing Limited	Material – Paper	82,000	0.0018	64,343	76,148	1.00	–
HKT Trust & HKT Limited	Telecom	100,000	0.0013	127,814	131,161	1.73	1,157
Other listed securities				–	–	–	1,554
Total investment in listed securities				1,393,464	1,414,131	18.64	22,205

MANAGEMENT DISCUSSION AND ANALYSIS

LISTED SECURITIES PORTFOLIO (Cont'd)

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</u>							
<u>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	–
CRRG 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				1,038,342	990,005	12.10	19,795

MANAGEMENT DISCUSSION AND ANALYSIS

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.

UNLISTED INVESTMENTS PORTFOLIO

As at 30 June 2017

Invested project	Nature of business	% of equity interest held	Amount invested		Fair value US\$	% of net asset value	Dividend income US\$	Accumulated dividend income US\$
			at cost US\$	Impairment US\$				
Global Market Group Limited (N)	B2B platform	9.36%	5,847,458	(2,954,610)	2,892,848	38.14%	-	1,814,613

As at 31 December 2016

Invested project	Nature of business	% of equity interest held	Amount invested		Fair value US\$	% of net asset value	Dividend income US\$	Accumulated dividend income US\$
			at cost US\$	Impairment US\$				
Global Market Group Limited (N)	B2B platform	9.36%	5,847,458	(2,518,881)	3,328,577	40.68%	-	1,814,613

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.

MANAGEMENT DISCUSSION AND ANALYSIS

UNLISTED INVESTMENTS PORTFOLIO *(Cont'd)*

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 favourable 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.

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 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.

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES

As at 30 June 2017, 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 2017, 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	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)

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. 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.
- (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.
- (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.
- (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 2017, the Company did not purchase, redeem or sell any of the Company's listed securities.

OTHER INFORMATION

CORPORATE GOVERNANCE CODE

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

OTHER INFORMATION

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.

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 2017 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 2017 to 30 June 2017. 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 2017 – June 2017	Jan 2016 – June 2016
Electricity Consumed (kWh) ²	1,558	1,049
Paper Used (kg)	18	16.7
Scope 1 GHG Emissions ³ (kg CO _{2e})	0	0
Scope 2 GHG Emissions ⁴ (kg CO _{2e}) ⁵	1,149	773.8
Scope 3 GHG Emissions ⁶ (kg CO _{2e})	85	79
Total GHG Emissions (kg CO_{2e})	1,234	852.8

Notes:

1. 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.
2. 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.
3. According to the Carbon Audit Guidelines, Scope 1 GHG Emissions refer to direct emissions from sources and removals by sinks.
4. 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.
5. The power company-specific emission factor of Hong Kong Electric Company is adopted for the calculation.
6. 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 Company's staff has attended relevant seminars and conferences in fulfilling Continuing Professional Development (CPD) training requirements in order to discharge their duties professionally.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B. Social (Cont'd)

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.

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 its 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

C. HKEx ESG Guide Reference

HKEx ESG Subject Areas		ESG Aspects	Disclosure Reference
Environmental		A1. Emissions	Refer to "Environmental" section of this ESG Report.
		A2. Use of resources	
		A3. The 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, 15 August 2017