

SHANGHAI INTERNATIONAL SHANGHAI GROWTH INVESTMENT LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 770)

2019 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

Non-Executive Directors:

Mr. FENG Huang
Mr. LU Xuefang
Mr. NI Jianwei

COMPANY SECRETARY

Ms. NG Yin Yuet Jenny

INVESTMENT MANAGER

Shanghai International Asset Management
(Hong Kong) Company Limited

In Hong Kong:
Room 1501, 15/F
Shanghai Industrial Investment Building
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Wanchai, Hong Kong

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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 54, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

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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

INDEPENDENT REVIEW REPORT



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 interim financial information set out on pages 5 to 28, which comprises the condensed statement of financial position of Shanghai International Shanghai Growth Investment Limited (the “Company”) as at 30 June 2019 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 (“HKICPA”). The directors of the Company 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 HKICPA. 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.

INDEPENDENT REVIEW REPORT

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

Hong Kong

27 August 2019

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

<i>Notes</i>	2019 (Unaudited) US\$	2018 (Unaudited) US\$
INCOME AND GAIN/(LOSS) ON INVESTMENTS		
Interest income	2,741	349
Dividend income	6,842	16,750
Net change in unrealised loss on financial assets at fair value through profit or loss	6 (162,030)	(1,377,929)
Net gain/(loss) on disposal of financial assets at fair value through profit or loss	6 81,935	(19,940)
	(70,512)	(1,380,770)
EXPENSES		
Investment manager's fees	13(a) (41,932)	(68,005)
Administrative expenses	(212,858)	(211,004)
Exchange gain/(loss)	5,284	(8,317)
	(249,506)	(287,326)
Loss before tax	(320,018)	(1,668,096)
Income tax expense	7 –	–
LOSS FOR THE PERIOD	(320,018)	(1,668,096)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	–	–
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(320,018)	(1,668,096)
LOSS PER SHARE – BASIC AND DILUTED	9 (US2.99 cents)	(US15.61 cents)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

30 June 2019

	<i>Notes</i>	30 June 2019 (Unaudited) US\$	31 December 2018 (Audited) US\$
NON-CURRENT ASSET			
Financial assets at fair value through profit or loss	10	725,676	717,861
Total non-current asset		725,676	717,861
CURRENT ASSETS			
Prepayments and other receivables		44,488	90,059
Cash and bank balances		3,199,335	3,485,906
Total current assets		3,243,823	3,575,965
CURRENT LIABILITIES			
Payables and accruals		40,990	45,307
Amount due to the investment manager	13(b)	41,167	41,159
Total current liabilities		82,157	86,466
NET CURRENT ASSETS		3,161,666	3,489,499
NET ASSETS		3,887,342	4,207,360
EQUITY			
Share capital	11	1,068,600	1,068,600
Reserves		2,818,742	3,138,760
Total equity		3,887,342	4,207,360
NET ASSET VALUE PER SHARE	12	0.36	0.39

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Share capital US\$	Share premium US\$	Capital reserve (Note a) US\$	Accumulated losses US\$	Total US\$
At 31 December 2018 (audited)	1,068,600	12,921,815*	(5,575,542)*	(4,207,513)*	4,207,360
Total comprehensive loss for the period	-	-	-	(320,018)	(320,018)
Transfer from accumulated losses (Note a): Net unrealised loss on change in fair value of financial assets at fair value through profit or loss	-	-	(174,481)	174,481	-
At 30 June 2019 (unaudited)	1,068,600	12,921,815*	(5,750,023)*	(4,353,050)*	3,887,342

	Share capital US\$	Share premium US\$	Available- for-sale investment revaluation reserve US\$	Capital reserve (Note a) US\$	Accumulated losses US\$	Total US\$
At 31 December 2017 (audited)	1,068,600	12,921,815	82,481	(3,529,457)	(3,651,946)	6,891,493
Effect of the adoption of HKFRS 9	-	-	(82,481)	-	82,481	-
At 1 January 2018	1,068,600	12,921,815	-	(3,529,457)	(3,569,465)	6,891,493
Total comprehensive loss for the period	-	-	-	-	(1,668,096)	(1,668,096)
Transfer from accumulated losses (Note a): Net unrealised loss on change in fair value of financial assets at fair value through profit or loss	-	-	-	(1,377,929)	1,377,929	-
At 30 June 2018 (unaudited)	1,068,600	12,921,815*	-*	(4,907,386)*	(3,859,632)*	5,223,397

* These reserve accounts comprise the reserves of US\$2,818,742 (31 December 2018 (audited): US\$3,138,760; 30 June 2018 (unaudited): US\$4,154,797) in the interim condensed statement of financial position.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

Note:

- (a) Pursuant to the Company's Amended and Restated Memorandum and Articles of Association passed on 12 May 2011, profits arising from the realisation of investments shall be available for distribution as dividends. Profits arising from revaluation of investments may be available for distribution as dividends only at the discretion of the board of directors. As a result, a net unrealised loss on change in fair value of financial assets at fair value through profit or loss is transferred from accumulated losses to capital reserve.

During the six months ended 30 June 2019, net unrealised loss on change in fair value of financial assets at fair value through profit or loss of US\$174,481 was transferred from accumulated losses to capital reserve.

During the six months ended 30 June 2018, net unrealised loss on change in fair value of financial assets at fair value through profit or loss of US\$1,377,929 was transferred from accumulated losses to capital reserve.

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	2019 (Unaudited) US\$	2018 (Unaudited) US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(320,018)	(1,668,096)
Adjustments for:		
Interest income	(2,741)	(349)
Dividend income	(6,842)	(16,750)
Net change in unrealised loss on financial assets at fair value through profit or loss	162,030	1,377,929
Net (gain)/loss on disposal of financial assets at fair value through profit or loss	(81,935)	19,940
	(249,506)	(287,326)
Operating cash flows before movements in working capital		
Decrease in prepayments and other receivables	46,957	86,702
Increase in amount due to the investment manager	8	2,821
Decrease in payables and accruals	(4,317)	(252,586)
	(206,858)	(450,389)
Cash used in operations		
Interest received	2,741	349
Dividend received	5,456	10,261
	(198,661)	(439,779)
Net cash flows used in operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through profit or loss	1,193,664	1,776,534
Purchase of financial assets at fair value through profit or loss	(1,281,574)	(1,424,048)
	(87,910)	352,486
Net cash flows (used in)/from investing activities		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(286,571)	(87,293)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,485,906	3,594,022
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,199,335	3,506,729
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	3,199,335	3,506,729

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

1. CORPORATE INFORMATION

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

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

2. BASIS OF PREPARATION

The interim condensed financial information for the six months ended 30 June 2019 have been prepared in accordance with HKAS 34 *Interim Financial Reporting* 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 under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. This interim condensed financial information is presented in United States dollars (“US\$”) and all values are rounded to the nearest dollar except when otherwise indicated.

The interim condensed financial information does not include all the information and disclosures required in the Company’s annual financial statements for that year but is derived from those financial statements, and should be read in conjunction with the Company’s annual financial statements as at 31 December 2018, 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 information 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 2018.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

4. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial information are consistent with those applied in the preparation of the Company's annual financial statements for the year ended 31 December 2018, except for the adoption of the following new and revised HKFRSs as of 1 January 2019.

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Leases</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements</i> <i>2015 – 2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

The nature and the impact of the new and revised HKFRSs are described below:

(a) Amendments to HKFRS 9 *Prepayment Features with Negative Compensation*

Amendments to HKFRS 9 allow financial assets with prepayment features that permit or require either the borrower or the lender to pay or receive reasonable compensation for the early termination of a contract to be measured at amortised cost or at fair value through other comprehensive income, rather than at fair value through profit or loss. The amendments clarify that a financial asset passes the "solely payments of principal and interest on the principal amount outstanding" criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for that early termination. The amendments did not apply to the Company as the Company did not have any debt instruments with prepayment features along with compensation for early termination. In addition, as clarified in the amendments to the basis for conclusions on HKFRS 9, the gain or loss arising on modification of a financial liability that does not result in derecognition (calculated by discounting the change in contractual cash flows at the original effective rate) is immediately recognised in profit or loss. The adoption of the amendments did not have any impact on the Company's interim condensed financial information.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

4. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(b) HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. The Company has no activity as a lessee and, therefore, HKFRS 16 did not have any impact on the Company's interim condensed financial information.

(c) HK(IFRIC)-Int 23 *Uncertainty over Income Tax Treatments*

HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation did not have any significant impact on the Company's interim condensed financial information.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

4. PRINCIPAL ACCOUNTING POLICIES *(Cont'd)*

(d) Amendments under Annual Improvements to HKFRSs 2015 – 2017 Cycle

HKFRS 3 Business Combinations: Clarifies that, when an entity obtains control of a business that is a joint operation, it must apply the requirements for a business combination achieved in stages and remeasure its entire previously held interest in the joint operation at fair value. The amendments did not have any impact on the Company's interim condensed financial information.

HKFRS 11 Joint Arrangements: Clarifies that when an entity that participates in (but does not have joint control of) a joint operation obtains joint control over that joint operation that is a business, it does not remeasure the interest it previously held in that joint operation. The amendments did not have any impact on the Company's interim condensed financial information.

HKAS 12 Income Taxes: Clarifies that an entity recognises all income tax consequences of dividends in profit or loss, other comprehensive income or equity, depending on where the entity recognised the originating transaction or event that generated the distributable profits giving rise to the dividends. The amendments did not have any impact on the Company's interim condensed financial information.

HKAS 23 Borrowing Costs: Clarifies that an entity treats as part of general borrowings any specific borrowing originally made to develop a qualifying asset, and that is still outstanding, when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. The amendments did not have any impact on the Company's interim condensed financial information.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

5. OPERATING SEGMENT INFORMATION

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

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

Unlisted securities – Investments in unlisted equity securities

Further details of the Company's investments are included in note 10 to the interim condensed financial information.

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

Six months ended 30 June 2019	Listed securities US\$ (Unaudited)	Unlisted securities US\$ (Unaudited)	Total US\$ (Unaudited)
Segment results	186,212	(259,465)	(73,253)
Interest income from bank deposits			2,741
Exchange gain			5,284
Unallocated expenses			(254,790)
Loss before tax			(320,018)

For the six months ended 30 June 2019, segment results represented the net gain on disposal of listed equity securities classified as financial assets at fair value through profit or loss, net gain on change in fair value of listed equity securities and net loss on change in fair value of unlisted equity securities classified as financial assets at fair value through profit or loss, and the corresponding dividend income earned by each segment without the allocation of administrative expenses and interest income from bank deposits as well as the investment manager's fees.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

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

<u>Six months ended 30 June 2018</u>	Listed securities US\$ (Unaudited)	Unlisted securities US\$ (Unaudited)	Total US\$ (Unaudited)
Segment results	(46,076)	(1,335,043)	(1,381,119)
Interest income from bank deposits			349
Exchange loss			(8,317)
Unallocated expenses			(279,009)
Loss before tax			(1,668,096)

For the six months ended 30 June 2018, segment results represented the net loss on disposal of listed equity securities classified as financial assets at fair value through profit or loss, net loss on change in fair value of both listed equity securities and unlisted equity securities classified as financial assets at fair value through profit or loss, and the corresponding dividend income earned by each segment without the allocation of administrative expenses and interest income from bank deposits as well as the investment manager's fees.

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

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

5. OPERATING SEGMENT INFORMATION (Cont'd)

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

<u>At 30 June 2019</u>	Listed securities US\$ (Unaudited)	Unlisted securities US\$ (Unaudited)	Total US\$ (Unaudited)
Financial assets at fair value through profit or loss	725,676	–	725,676
Total segment assets	725,676	–	725,676
Unallocated assets			3,243,823
Total assets			3,969,499
<u>At 31 December 2018</u>	Listed securities US\$ (Audited)	Unlisted securities US\$ (Audited)	Total US\$ (Audited)
Financial assets at fair value through profit or loss	458,396	259,465	717,861
Total segment assets	458,396	259,465	717,861
Unallocated assets			3,575,965
Total assets			4,293,826

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

All liabilities as at 30 June 2019 and 31 December 2018 are unallocated liabilities.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

6. GAIN OR LOSS ON INVESTMENTS

<u>For the six months ended</u> <u>30 June 2019</u>	Listed securities US\$ (Unaudited)	Unlisted securities US\$ (Unaudited)	Total US\$ (Unaudited)
<i>Included in profit or loss:</i>			
Realised gain:			
Financial assets at fair value through profit or loss	81,935	–	81,935
Unrealised gain/(loss):			
Financial assets at fair value through profit or loss	97,435	(259,465)	(162,030)
Total realised and unrealised gain/(loss) included in profit or loss	179,370	(259,465)	(80,095)
Total realised and unrealised gain/(loss) for the period	179,370	(259,465)	(80,095)

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

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

<u>For the six months ended</u> <u>30 June 2018</u>	Listed securities US\$ (Unaudited)	Unlisted securities US\$ (Unaudited)	Total US\$ (Unaudited)
<i>Included in profit or loss:</i>			
Realised loss:			
Financial assets at fair value through profit or loss	(19,940)	–	(19,940)
Unrealised loss:			
Financial assets at fair value through profit or loss	(42,886)	(1,335,043)	(1,377,929)
Total realised and unrealised loss included in profit or loss	(62,826)	(1,335,043)	(1,397,869)
Total realised and unrealised loss for the period	(62,826)	(1,335,043)	(1,397,869)

7. TAXATION

No provision for Hong Kong profits tax has been made in the interim condensed financial information as the Company did not generate assessable profits arising in Hong Kong for the six months ended 30 June 2019 (six months ended 30 June 2018 (unaudited): Nil).

8. DIVIDEND

No interim dividend has been proposed by the directors for the six months ended 30 June 2019 (six months ended 30 June 2018 (unaudited): Nil).

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

9. LOSS PER SHARE – BASIC AND DILUTED

The calculation of the basic loss per share amount is based on the loss for the period of US\$320,018 (six months ended 30 June 2018 (unaudited): loss of US\$1,668,096) and the weighted average number of ordinary shares of 10,686,000 (six months ended 30 June 2018 (unaudited): 10,686,000) shares in issue during the period.

No adjustment has been made to the basic loss per share amount for the six months ended 30 June 2019 and 2018 in respect of a dilution as the Company had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2019 and 2018.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2019 (Unaudited) US\$	31 December 2018 (Audited) US\$
Non-current:		
Unlisted equity investment – Ordinary shares, at fair value		
Global Market Group Limited (“GMG”)	–	259,465
Listed equity investments, at fair value	725,676	458,396
Total	725,676	717,861

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Cont'd)

Unlisted equity investment – Ordinary shares, at fair value:

The above unlisted investment as at 30 June 2019 is a total of 8,734,897 ordinary shares of GMG held by the Company (31 December 2018: 8,734,897 shares), representing 9.36% of GMG's total issued ordinary shares (31 December 2018: 9.36%).

As at 30 June 2019 and 31 December 2018, the value of GMG ordinary shares was measured using relative valuation model. As at 30 June 2019, the valuation of the unlisted investment dropped to nil from 31 December 2018. In view of poor net cash inflow from operating activities of the unlisted investment and the inability to attract new financing in the future, management decided to write down the unlisted investment to nil as at 30 June 2019.

Listed equity investments, at fair value:

The Company's investments in listed equity securities are held for long-term, and designated by the Company as at fair value through profit or loss.

During the six months ended 30 June 2019, the net fair value gain in respect of the Company's Hong Kong investments recognised in profit or loss amounted to US\$179,370, of which a net gain of US\$81,935 was recognised upon disposal of the listed equity investments for the period.

During the six months ended 30 June 2018, the net fair value loss in respect of the Company's Hong Kong investments recognised in profit or loss amounted to US\$62,826, of which a net loss of US\$19,940 was recognised upon disposal of the listed equity investments for the period.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

11. SHARE CAPITAL

	30 June 2019 US\$ (Unaudited)	31 December 2018 US\$ (Audited)
Authorised: 18,000,000 (2018: 18,000,000) ordinary shares of US\$0.10 each	1,800,000	1,800,000
Issued and fully paid: 10,686,000 (2018: 10,686,000) ordinary shares of US\$0.10 each	1,068,600	1,068,600

12. 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 2019 of US\$3,887,342 (31 December 2018 (audited): US\$4,207,360) and the number of ordinary shares of 10,686,000 in issue as at 30 June 2019 (31 December 2018 (audited): 10,686,000).

13. RELATED PARTY TRANSACTIONS

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

	For the six months ended 30 June	
	2019 US\$ (Unaudited)	2018 US\$ (Unaudited)
Investment management and administration fees charged by the Investment Manager	<i>(i)</i> 41,932	68,005

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

13. RELATED PARTY TRANSACTIONS (Cont'd)

(a) (Cont'd)

Note:

- (i) Certain directors of the investment manager, Shanghai International Asset Management (Hong Kong) Company Limited (the "Investment Manager"), are common directors of the Company.

In accordance with the terms of the investment management agreement and the eight 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 exceeds 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 dated 19 March 2014 to the Investment Management Agreement, the initial high water mark should be the NAV as at 31 December 2010, being US\$31,048,060. With effect from 1 July 2017, as defined in the Eighth Supplemental Agreement dated 23 March 2017, the high water mark has been reset to the NAV as at 31 December 2016, being US\$8,182,713.

During the six months ended 30 June 2019, the Investment Manager was not entitled to receive any incentive fee in relation to the performance of the Company (six months ended 30 June 2018 (unaudited): Nil), in accordance with the incentive fee calculation of the Investment Management Agreements.

- (b) Outstanding balance with related party:

The Company had an outstanding amount due to the investment manager of US\$41,167 (31 December 2018 (audited): US\$41,159) as at the end of the reporting period. This amount is unsecured, interest-free, and repayable on demand.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

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

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

	For the six months ended 30 June	
	2019	2018
	US\$	US\$
	(Unaudited)	(Unaudited)
Directors' fees	23,045	22,940

14. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The financial assets at fair value through profit or loss held by the Company 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 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 annual financial reporting.

The fair values of listed equity investments are based on quoted market prices. The fair value of an unlisted equity investment designated at fair value through profit or loss has been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to make estimates about the enterprise value of other comparable companies, discounts for lack of marketability, and expected market multiples. Management believes that the estimated fair value resulting from the valuation technique, which is recorded in profit or loss, is reasonable, and that it was the most appropriate value at the end of the reporting period.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

14. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Cont'd)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative analysis as at 30 June 2019 and 31 December 2018:

Six months period ended 30 June 2019 (unaudited):

	Valuation technique	Significant unobservable input	Amount	Sensitivity of fair value to the input
Financial assets at fair value through profit or loss	Relative valuation model	EV/S ratio*	2.32X	10% increase/decrease in EV/S ratio would result in increase/decrease in fair value by nil.
		Revenue	US\$4.16 million	10% increase/decrease in revenue would result in increase/decrease in fair value by nil.
		Discount for lack of marketability	40%	10% increase/decrease in the discount for lack of marketability would result in increase/decrease in fair value by nil.

The fair value of the financial instrument was written down to nil, so the inputs would not result in any impact on its fair value.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

14. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Cont'd)

Year ended 31 December 2018 (audited):

	Valuation technique	Significant unobservable input	Range/Amount	Sensitivity of fair value to the input
Financial assets at fair value through profit or loss	Relative valuation model	EV/S ratio*	3.00X	10% increase/decrease in EV/S ratio would result in increase/decrease in fair value by US\$88,506.
		Revenue	US\$3.70 million	10% increase/decrease in revenue would result in increase/decrease in fair value by US\$88,506.
		Discount for lack of marketability	15%	10% increase/decrease in the discount for lack of marketability would result in increase/decrease in fair value by US\$4,579.

* EV/S ratio stands for the Enterprise Value to Sales ratio.

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

14. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS*(Cont'd)**Fair value hierarchy*

The following tables illustrate the fair value measurement hierarchy of the Company's financial instruments:

Assets measured at fair value:

<u>As at 30 June 2019</u>	<u>Fair value measurement using</u>			<u>Total</u>
	<u>Quoted prices</u> <u>in active</u> <u>markets</u> <u>(Level 1)</u> <u>US\$</u> <u>(Unaudited)</u>	<u>Significant</u> <u>observable</u> <u>inputs</u> <u>(Level 2)</u> <u>US\$</u> <u>(Unaudited)</u>	<u>Significant</u> <u>unobservable</u> <u>inputs</u> <u>(Level 3)</u> <u>US\$</u> <u>(Unaudited)</u>	
<i>Financial assets at fair value</i> <i>through profit or loss</i>				
Listed equity securities	725,676	–	–	725,676
Total	725,676	–	–	725,676

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

14. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Cont'd)

Fair value hierarchy (Cont'd)

Assets measured at fair value: (Cont'd)

<u>As at 31 December 2018</u>	<u>Fair value measurement using</u>			
	Quoted prices in active markets (Level 1) US\$ (Audited)	Significant observable inputs (Level 2) US\$ (Audited)	Significant unobservable inputs (Level 3) US\$ (Audited)	Total US\$ (Audited)
<i>Financial assets at fair value through profit or loss</i>				
Listed equity securities	458,396	–	–	458,396
Unlisted equity securities	–	–	259,465	259,465
Total	458,396	–	259,465	717,861

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2019

14. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Cont'd)

Fair value hierarchy (Cont'd)

The movements in fair value measurements within Level 3 during the period are as follows:

	2019	2018
	US\$	US\$
	(Unaudited)	(Unaudited)
<i>Financial assets at fair value through profit or loss</i>		
<i>– unlisted:</i>		
At 1 January	259,465	2,318,001
Change in fair value	(259,465)	(1,335,043)
At 30 June	–	982,958

The Company did not have any financial liabilities measured at fair value as at 30 June 2019 and 31 December 2018.

During the period, there was no transfer of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets at fair value through profit or loss (six months ended 30 June 2018 (unaudited): Nil).

15. APPROVAL OF INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information was approved and authorised for issue by the Board of Directors of the Company on 27 August 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Company recorded an unaudited loss of US\$320,018 for the six months ended 30 June 2019 (six months ended 30 June 2018: unaudited loss of US\$1,668,096). Such loss was mainly attributable to drop in fair value of the Company's unlisted investment, Global Market Group Limited ("GMG").

In the absence of a readily quoted market price for GMG, the Investment Manager adopted a relative valuation model to calculate the fair value of GMG by reference to comparable listed companies in Chinese E-commerce industry. Given continuous severe drop in revenue from its traditional B2B business and slowly-developed new business, in addition to its potential liability over a substantial redeemable non-controlling interest, GMG's fair value had been deteriorating and ended up with US\$259,465 as at 31 December 2018. The lack of new capital to meet its operating business, unsuccessful new business model and material potential redeemable liabilities resulted in a further drop in fair value by US\$259,465 for the six months ended 30 June 2019 (six months ended 30 June 2018: drop of US\$1,335,043). The Company considered that full provision on this investment is appropriate in view of significant uncertainties in prospect.

As for Hong Kong listed securities portfolio, the Company recorded realised gain of US\$81,935 on disposal of listed securities for the six months ended 30 June 2019 (six months ended 30 June 2018: realised loss of US\$19,940) and unrealised gain of US\$97,435 was recorded on listed securities held as at 30 June 2019 (as at 30 June 2018: unrealised loss of US\$42,886). Besides, dividend income from listed securities of US\$6,842 was recorded in the reporting period as compared to US\$16,750 in the last corresponding period.

The return of the Company's listed investment portfolio for the six months ended 30 June 2019 was 9.55%, compared to a 10.43% and 7.48% up in the Hang Seng Index ("HSI") and Hang Seng China Enterprise Index ("HSCEI") respectively. The Company's listed investment portfolio, not only delivered a satisfactory return, but was able to counter the falling market trend in the second quarter. After recorded a 3.5% investment return in the first quarter, the listed investment portfolio gained another 6.1% in the second quarter against a drop of 1.8% in HSI and a loss of 4.4% in HSCEI.

As at 30 June 2019, the Company's net asset value ("NAV") per share was US\$0.36 as compared with US\$0.39 at the end of 2018, a 7.69% decrease mainly due to further write down on fair value in GMG in the first half of 2019. As at 30 June 2019, the Company's share price was US\$0.70, reflecting a 94.44% premium to NAV per share.

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC REVIEW

China Economy

During the first half of 2019, the Chinese government has lowered tax rate and fees, and encouraged domestic consumptions to mitigate the more challenging international environment. As such, China economy continued to grow and its economic structural upgrade has been undergoing progressively. GDP in the first quarter and the second quarter of 2019 recorded a growth of 6.4% and 6.2% respectively. The GDP growth in the first half was 6.3% over the same period last year.

The three important investment sectors, namely infrastructure, property investments and manufacturing, showed different growth prospect in the first half of 2019. Infrastructure and property investments have revived but manufacturing investment has declined. China domestic consumption continued to record modest growth, whilst imports and exports were declining in the midst of Sino-US trade dispute. Total value of imports and exports to the US dropped 9% in the first half. However, total value of imports and exports to ASEAN, European Union, and Japan have increased by 10.5%, 11.2% and 1.7% respectively. Hence, the total value of China's foreign trade rose 3.9% year-on-year. The result of economic structural upgrade was conspicuous, value-added by high technology manufacturing sector increased by 9.0% year-on-year, 3.0% higher than the growth of industrial value-added output. Consumption growth has also been revived in the first half, total values have climbed from the low of 7.2% growth in April to 9.8% in June.

Capital market remained relatively stable under a loosely monetary policy. The local government municipal bonds issued earlier this year has in particular provided liquidity for stabilizing the infrastructure investment. Besides, the two times lowering of required reserve rates implemented by People's Bank of China have also provided liquidity into the economy and the financial market. The introduction of Science and Technology Innovation Board and the debut of London-Shanghai stock connect further enhanced the activities within the financial market.

Looking ahead the second half of this year, if the Sino-US trade negotiation, turns out to have fruitful result in the end, China economic growth should be able to resume rather strongly. The full year economic growth is expected to be 6.0 – 6.5%.

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC REVIEW *(Cont'd)*

Relevant stock markets' performance in the first half of 2019

Indices	30 June 2019	31 December 2018	Change
Hang Seng Index	28,542.62	25,845.70	10.43%
Hang Seng China Enterprises Index	10,881.85	10,124.75	7.48%
Hang Seng China-Affiliated Corporations Index	4,446.05	4,169.04	6.64%
Shanghai SE Composite Index	2,978.88	2,493.90	19.45%
Shenzhen SE Composite Index	1,562.42	1,267.87	23.23%
Dow Jones Industrial Average Index	26,599.96	23,327.46	14.03%
Standard and Poor's 500 Index	2,941.76	2,506.85	17.35%
NASDAQ Composite Index	8,006.24	6,635.28	20.66%

Portfolio Allocation

	30 June 2019	31 December 2018
Unlisted investments	–	6%
Listed investments	19%	11%
Cash and cash equivalents	81%	83%
Total	100%	100%

MANAGEMENT DISCUSSION AND ANALYSIS

LISTED INVESTMENTS REVIEW

Hong Kong Stock Market

The stock market's strong run in January 2019 was mainly due to the lower of Chinese banks' required reserve rates by 1%, thereby providing more liquidity into the fixed assets investments and resumed confident in the capital market. The positive progress in the Sino-US trade negotiation in February has further enhanced the economic outlooks of the two largest economies in the world, boosting the stock market to rebound nearly 15% in two months from its low. For the first three months, HSI went up 12.4%.

Following a strong performance in the first quarter of 2019, the improvement of The China Purchase Manager Index ("PMI") number and the high possibility of reaching a deal in the trade negotiation prompted HSI to climb 2.2% in April. However, all that was interrupted when the US President concluded that a trade deal cannot be reached with China in early May, and the market plummeted 9.4% by the end of the month. In addition, the tension between China and the US continued to worsen as a new wave of technological ban was implemented around China's tech giant, Huawei.

In June, both sides have softened and decided to resume trade negotiation again. Together with the US indication of a high tendency to lower interest rates, the market rebounded by 6.1% during the month. For the first half of the 2019, the HSI was up 10.43%, hence the market actually fell 2.0% in the second quarter. During the same period, HSCEI went up 7.48%. Leading sectors for the first half were health care and consumer goods.

The return of the Company's listed investment portfolio for the six months ended 30 June 2019 was 9.55%, 0.88% slightly lower than the HSI but 2.07% higher than HSCEI. Given the Company's investment objective is to invest in China-related stocks, it would be more appropriate to take the HSCEI as a comparison.

The Company's listed investment portfolio, not only delivered a satisfactory return, but was able to counter the falling market trend in the second quarter. After recorded a 3.5% investment return in the first quarter, the listed investment portfolio gained another 6.1% in the second quarter against a drop of 1.8% in HSI and a loss of 4.4% in HSCEI. The investment gain were mainly attributed to three important factors: 1) Stock positions were increased from near the end of May, capturing the opportunity of entering at market low; 2) Choosing stocks that were domestically-driven with high growth and most benefited from more liquidity in the capital markets like consumption-related and property-related stocks; and 3) Continued core exposures in China emphasized industries like 5G sector.

MANAGEMENT DISCUSSION AND ANALYSIS

LISTED INVESTMENTS REVIEW (Cont'd)

Listed Securities Portfolio

As at 30 June 2019

Listed securities	Nature of business	Number of shares held	% held of total issued shares %	Cost US\$	Market value US\$	% of net asset value %	Dividend received US\$
<u>Listed on Hong Kong Stock Exchange</u>							
Tencent Holdings Limited	E-Commerce & internet services	5,300	0.00006	228,627	239,259	6.16	300
China Aoyuan Group Limited	Real estate	172,000	0.00641	193,079	241,791	6.22	–
S-Enjoy Service Group Co., Limited	Property management	130,000	0.01585	112,915	139,642	3.59	–
China Tower Corporation Limited	Satellite & wireless communication	400,000	0.00086	93,620	104,984	2.70	60
Other listed securities				–	–	–	6,482
Total investment in listed securities				628,241	725,676	18.67	6,842

MANAGEMENT DISCUSSION AND ANALYSIS

LISTED INVESTMENTS REVIEW (Cont'd)

Listed Securities Portfolio (Cont'd)

As at 31 December 2018

Listed securities	Nature of business	Number of shares held	% held of total issued shares %	Cost US\$	Market value US\$	% of net asset value %	Dividend received US\$
<u>Listed on Hong Kong Stock Exchange</u>							
HSBC Holdings PLC	Banks	15,200	0.00007	146,560	125,763	2.99	9,860
Tencent Holdings Limited	E-Commerce & internet services	2,000	0.00002	74,499	80,185	1.91	572
ANTA Sports Products Limited	Apparel	25,000	0.00093	104,899	119,862	2.85	–
China Gas Holdings Limited	Gas Distribution	16,000	0.00032	53,287	56,998	1.35	–
China Tower Corporation Limited	Satellite & Wireless communication	400,000	0.00086	66,700	75,588	1.80	–
Other listed securities				–	–	–	17,026
Total investment in listed securities				445,945	458,396	10.90	27,458

MANAGEMENT DISCUSSION AND ANALYSIS

UNLISTED INVESTMENTS REVIEW

As at 30 June 2019, the Company held one unlisted securities investment but was fully written down. No new investment was consummated in the first half of 2019 in view of the Company's limited cash resources.

Unlisted Investments Portfolio

As at 30 June 2019

Invested project	Nature of business	% of equity interest %	Amount invested at cost US\$	Fair value changes US\$	Fair value of investment at 30 June 2019 US\$	% of net asset value %	Dividend income US\$	Accumulated dividend income US\$
Global Market Group Limited ^(Note)	B2B platform	9.36	5,847,458	(5,847,458)	-	-	-	1,814,613

As at 31 December 2018

Invested project	Nature of business	% of equity interest %	Amount invested at cost US\$	Fair value changes US\$	Fair value of investment at 31 December 2018 US\$	% of net asset value %	Dividend income US\$	Accumulated dividend income US\$
Global Market Group Limited ^(Note)	B2B platform	9.36	5,847,458	(5,587,993)	259,465	6.17	-	1,814,613

Note: 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 but subsequently delisted in 2015 and reclassified as the Company's unlisted securities investment.

MANAGEMENT DISCUSSION AND ANALYSIS

UNLISTED INVESTMENTS REVIEW *(Cont'd)*

Global Market Group Limited ("GMG")

GMG is a B2B internet trading service provider in the mainland China. 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 developed cross-border E-commerce platform since 2016 and finally implemented in 2018. However, the new business is not successful as planned, coupled with failing capital raising for business expansion, and losing its edges, GMG'S business deteriorated significantly over these years.

The Company invested in GMG for a consideration of US\$5 million in 2008. GMG'S ordinary shares were once admitted to trading on the Alternative Investment Market of the London Stock Exchange in June 2012 but was subsequently cancelled from trading in September 2015. GMG's main operating subsidiary had been once listed on the New Third Board in mainland China in 2016 but subsequently delisted in May 2017 due to insufficient fund-raising capability. The Investment Manager had been in negotiation vigorously with GMG for an exit after those rounds of delisting decisions.

As at 30 June 2019, 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 a readily quoted market price for GMG, the Investment Manager adopted a relative valuation model to calculate the fair value of GMG by reference to comparable listed companies in Chinese E-commerce industry. Given continuous severe drop in revenue from its traditional B2B business and slowly-developed new business, in addition to its potential liability over a redeemable non-controlling interest, GMG's fair value had been deteriorating and ended up with US\$259,465 as at 31 December 2018. The lack of new capital to meet its operating business, unsuccessful new business model and material potential redeemable liabilities resulted in a further drop in fair value by US\$259,465 during the six months ended 30 June 2019. The Company considered a full provision on this investment is appropriate in view of significant uncertainties in prospect. Despite a dividend income of approximately US\$1.8 million was recorded in prior years, the Investment Manager would continue to push the management of GMG to strike for reasonable exit and returns.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

Looking ahead into the second half of 2019, the outcome of the trade dispute between the US and China continue to have a major role in shaping the global economy. Whether resolving their differences into a mutual benefit condition is yet to be seen, especially when there are more evidences showing that a “tech constraint” should be a better description of the two major powers. The Investment Manager believes that China’s opening up strategy should continue to weather out the pressure from the trade dispute.

Given the complicated macro environments, the Investment Manager holds a conservative view on the stock market particularly in the latter half of the year. The Company will seek on investing companies with foreseeable growth potentials and as always, be aware of risks lying ahead.

In view of the diminishing asset size of the Company, there are limited resources and opportunity in unlisted investments. Nonetheless, the investment Manager will continue to strike the best for an appropriate return from GMG. The Company will continue to seek investment opportunities by co-investing with other renowned funds with focus on Chinese healthcare needs, consumption and technology enhancements.

OTHER INFORMATION

KEY PERFORMANCE INDICATOR

The board of Directors (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 2019, the Company did not participate in any new unlisted investment. The Company’s bank balances as of 30 June 2019 were US\$3,199,335 (31 December 2018: US\$3,485,906). 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 2019 and 31 December 2018 respectively.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Company’s assets, liabilities and transactions are denominated either in Hong Kong dollars or US dollars. As long as the Hong Kong dollar continues its peg to the US dollar in the foreseeable future, the Company does not envisage any material exposure to exchange fluctuations. Accordingly, no hedging instruments were made nor transacted to cushion for such exposure. There is no hedging policy, the value of this investment and currency exposure risk are monitored closely by the Investment Manager.

EMPLOYEES

The Company has two employees and continues to delegate the day-to-day administration and its investment portfolio to the Investment Manager.

DIRECTORS’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2019, 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 required to be recorded pursuant to Section 352 of the Securities and Futures Ordinance (the “SFO”), or as otherwise notified to the Company and the Hong Kong Stock Exchange 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 2019, the following entities or persons had interests and short positions of 5% or more in the shares and underlying shares of the Company based solely on information 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	Notes
Shanghai Industrial Investment (Holdings) Company Limited	Held by controlled corporation	1,884,792	17.64%	(1)
Mr. Yuan Chufeng	Held by controlled corporation	1,781,000	16.67%	(2)
Rosebrook Opportunities Fund LP	Investment manager	1,216,701	11.39%	

Notes:

- (1) Shanghai Industrial Investment (Holdings) Company Limited has an indirect interest of 1,884,792 shares in the Company through its 100% indirect ownership in Eternity Business (HK) Investment Limited.
- (2) Mr. Yuan Chufeng's indirect interest in the Company were 1,781,000 shares by virtue of his 100% control over ZKJK Capital Management Limited.

Save as disclosed above, as at 30 June 2019, no person had registered an interest or short position in shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2019, the Company did not purchase, sell or redeem any of the Company's listed securities.

OTHER INFORMATION

CORPORATE GOVERNANCE

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 2019, the Company has complied with the code provisions (the “Code Provisions”) under the CG Code, save and except for the deviations as described below.

Code Provisions A.2.1 to A.2.9 set out the division of responsibilities between the chairman and chief executive as well as set out key responsibilities of the chairman from a corporate governance perspective, including Code Provision A.2.7 which stipulates that the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors.

No chairman or chief executive has been appointed or designated by the Company. However, the Board is of the view that all Directors together bring diverse experience and expertise to the Board, and are collectively responsible for the stewardship of the Company. In view of the streamlined structure of the Company, contributions to the Company are made by the Board as a whole, while the investment portfolio and daily operations of the Company are managed by the Investment Manager under the supervision of the Board. The Board considers that this existing structure will not impair the balance of power and authority between the management of the Board and the management of its business as set out in the principle of A.2 of CG Code.

Code Provision A.4.1 provides that non-executive directors should be appointed for a specific term and subject to re-election. The Company’s Non-executive Directors do not have a specific term of appointment. However, they are subject to retirement by rotation once every three years pursuant to the Company’s Articles of Association.

Code Provision E.1.2 provides that, among others, the chairman of the board should attend the annual general meeting of the listed issuer. As stated in the above, no chairman has been appointed or designated by the Company. Given all Directors are collectively responsible for the Company’s stewardship, the Board considers that it was adequate for the Board to elect a Director to chair the annual general meeting of the Company held on 27 May 2019.

OTHER INFORMATION

THE BOARD

The Board currently has eight Directors comprising two Executive Directors, three Non-executive Directors and three Independent Non-executive Directors (“INEDs”). During the period, Mr. LU Xuefang was appointed as Non-executive Director of the Board (effective on 18 March 2019). Details of the composition of the Board are set out in the “Corporate Information” section on page 2. There is no designated chairman or chief executive of the Board. All Directors are, collectively and individually, aware of their responsibilities to the Shareholders.

BOARD COMMITTEES

The Board has established the Audit Committee, Remuneration Committee and Nomination Committee, with respective defined terms of reference (available on the Company’s and HKEX’s websites), which are on no less exacting terms than those set out in the CG Code.

Audit Committee

The Audit Committee has been established since July 1999 and currently comprises three members, all of whom are INEDs of the Company, namely, Mr. YICK Wing Fat Simon (Chairman), Dr. HUA Min and Mr. ONG Ka Thai. None of the members of the Audit Committee is a former partner of the Company’s existing external auditor.

The Audit Committee has reviewed the Company’s unaudited interim condensed financial information for the six months ended 30 June 2019 for the Board’s approval. The Audit Committee has also met with management of the Investment Manager to supervise the Company’s matters on internal control, risk management and financial reporting process.

The unaudited interim condensed financial information has also been reviewed by the Company’s independent auditors, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditors of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young’s unmodified independent review report to the Board is included in this interim report.

Remuneration Committee

The Remuneration Committee has been established since March 2005 and currently 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

The Nomination Committee has been established since February 2012 and currently comprises all three INEDs, namely Dr. HUA Min (Chairman), Mr. ONG Ka Thai and Mr. YICK Wing Fat Simon.

OTHER INFORMATION

CHANGE IN DIRECTOR'S INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, change of Director's information since the publication of the Company's 2018 Annual Report is set out below:

Name of Director	Change
Dr. WANG Ching	Appointed as an independent non-executive director of Luen Thai Holdings Limited in April 2019
Dr. HUA Min; Mr. ONG Ka Thai; and Mr. YICK Wing Fat Simon (collectively, INEDs)	Director's remuneration for each of the Company's INEDs has been revised to HK\$130,000 per annum since 1 July 2019

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 2019.

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

Hong Kong, 27 August 2019