



# 2020

## INTERIM REPORT

### **SHANGHAI INTERNATIONAL SHANGHAI GROWTH INVESTMENT LIMITED**

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

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Investment Manager

Shanghai International Asset Management (Hong Kong) Company Limited

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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 (*resigned on 12 June 2020*)

### 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  
48-62 Hennessy Road  
Wanchai, Hong Kong

#### *In Shanghai:*

16/F, Golden Bell Plaza  
No. 98 Huai Hai Zhong Road  
Shanghai 200021, China

### LEGAL ADVISERS

#### *In Hong Kong:*

Charltons Solicitors & Notary Public

#### *In the Cayman Islands:*

Maples and Calder

### 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

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

### PRINCIPAL PLACE OF BUSINESS

Room 1501, 15/F  
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 24, which comprises the condensed statement of financial position of Shanghai International Shanghai Growth Investment Limited (the "Company") as at 30 June 2020 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

26 August 2020

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

*For the six months ended 30 June 2020*

	Notes	<b>Six months ended 30 June</b>	
		<b>2020</b> <b>US\$</b> <b>(Unaudited)</b>	2019 US\$ (Unaudited)
<b>INCOME AND GAIN/(LOSS) ON INVESTMENTS</b>			
Interest income		<b>31</b>	2,741
Dividend income		<b>9,899</b>	6,842
Net change in unrealised gain/(loss) on fair value of financial assets at fair value through profit or loss	6	<b>251,045</b>	(162,030)
Net gain on disposal of financial assets at fair value through profit or loss	6	<b>70,913</b>	81,935
Exchange gain		<b>10,121</b>	5,284
		<b>342,009</b>	(65,228)
<b>EXPENSES</b>			
Investment manager's fees	14(a)	<b>(35,774)</b>	(41,932)
Administrative expenses		<b>(241,806)</b>	(212,858)
		<b>(277,580)</b>	(254,790)
Profit/(Loss) before tax	7	<b>64,429</b>	(320,018)
Income tax expense	8	–	–
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>64,429</b>	(320,018)
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>		–	–
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>		<b>64,429</b>	(320,018)
<b>GAIN/(LOSS) PER SHARE – BASIC AND DILUTED</b>	10	<b>US0.60 cents</b>	(US2.99 cents)

**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**

30 June 2020

	<i>Notes</i>	<b>30 June 2020 US\$ (Unaudited)</b>	31 December 2019 US\$ (Audited)
<b>NON-CURRENT ASSET</b>			
Financial assets at fair value through profit or loss	11	<b>1,189,588</b>	288,305
Total non-current asset		<b>1,189,588</b>	288,305
<b>CURRENT ASSETS</b>			
Prepayments		<b>16,915</b>	37,636
Dividend receivables		<b>380</b>	–
Amount due from a broker		<b>88,497</b>	–
Cash and bank balances		<b>2,506,619</b>	3,419,680
Total current assets		<b>2,612,411</b>	3,457,316
<b>CURRENT LIABILITIES</b>			
Payables and accruals		<b>43,515</b>	43,092
Amount due to the investment manager	14(b)	<b>42,551</b>	51,025
Total current liabilities		<b>86,066</b>	94,117
<b>NET CURRENT ASSETS</b>			
		<b>2,526,345</b>	3,363,199
<b>NET ASSETS</b>			
		<b>3,715,933</b>	3,651,504
<b>EQUITY</b>			
Share capital	12	<b>1,068,600</b>	1,068,600
Reserves		<b>2,647,333</b>	2,582,904
<b>Total equity</b>		<b>3,715,933</b>	3,651,504
<b>NET ASSET VALUE PER SHARE</b>			
	13	<b>0.35</b>	0.34

## INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Share capital US\$	Share premium US\$	Capital reserve (Note a) US\$	Accumulated losses US\$	Total US\$
At 31 December 2019 (audited)	1,068,600	12,921,815*	(5,836,550)*	(4,502,361)*	3,651,504
Total comprehensive income for the period	–	–	–	64,429	64,429
Transfer from accumulated losses (Note a):					
Net change in unrealised gain on fair value of financial assets at fair value through profit or loss	–	–	251,045	(251,045)	–
At 30 June 2020 (unaudited)	1,068,600	12,921,815*	(5,585,505)*	(4,688,977)*	3,715,933
	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 change in unrealised loss on 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

\* These reserve accounts comprise the reserves of US\$2,647,333 (31 December 2019 (audited): US\$2,582,904; six months ended 30 June 2019 (unaudited): US\$2,818,742) in the interim condensed statement of financial position.



## **INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**

*For the six months ended 30 June 2020*

*Note:*

- a) Pursuant to the Company's Amended and Restated Memorandum and Articles of Association passed on 26 November 2019, 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 gain/(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 2020, net unrealised gain on change in financial assets at fair value through profit or loss of US\$251,045 was transferred from accumulated losses to capital reserve.

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

**INTERIM CONDENSED STATEMENT OF CASH FLOWS***For the six months ended 30 June 2020*

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>US\$</b>	US\$
	<b>(Unaudited)</b>	(Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit/(Loss) before tax</b>	<b>64,429</b>	(320,018)
Adjustments for:		
Interest income	<b>(31)</b>	(2,741)
Dividend income	<b>(9,899)</b>	(6,842)
Net change in unrealised (gain)/loss on financial assets at fair value through profit or loss	<b>(251,045)</b>	162,030
Net gain on disposal of financial assets at fair value through profit or loss	<b>(70,913)</b>	(81,935)
<b>Operating cash flows before movements in working capital</b>	<b>(267,459)</b>	(249,506)
Increase in financial assets at fair value through profit or loss	<b>(579,325)</b>	(87,910)
Decrease in prepayments and dividend receivables	<b>20,341</b>	21,070
(Increase)/Decrease in amount due from a broker	<b>(88,497)</b>	25,887
Increase/(Decrease) in payables and accruals	<b>423</b>	(4,317)
(Decrease)/Increase in amount due to the investment manager	<b>(8,474)</b>	8
<b>Cash used in operations</b>	<b>(922,991)</b>	(294,768)
Interest received	<b>31</b>	2,741
Dividend received	<b>9,899</b>	5,456
<b>Net cash flows used in operating activities</b>	<b>(913,061)</b>	(286,571)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(913,061)</b>	(286,571)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>3,419,680</b>	3,485,906
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>2,506,619</b>	3,199,335
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>2,506,619</b>	3,199,335

## NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2020

### 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, Uglund House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment company whose principal business is to make investments in listed and unlisted equity and debt securities as well as in other financial instruments and investment vehicles which are established or have significant operations or businesses primarily in the Greater China Region.

### 2. BASIS OF PREPARATION

The interim condensed financial information for the six months ended 30 June 2020 has 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 for the year ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

### 3. ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company’s interim condensed financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenses, assets and liabilities. 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 2019.

**NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION**

30 June 2020

**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 2019, except for the adoption of the following revised HKFRSs for the first time for the current period's financial information.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

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

- (a) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Company as the Company does not have any interest rate hedge relationships.
- (b) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Company's interim condensed financial information.

**NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION**

30 June 2020

**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 11 to the interim condensed financial information.

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

<b>For the six months ended 30 June 2020</b>	<b>Listed securities</b>	<b>Unlisted securities</b>	<b>Total</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Segment results</b>	<b>331,857</b>	–	<b>331,857</b>
<b>Interest income from bank deposits</b>			<b>31</b>
<b>Exchange gain</b>			<b>10,121</b>
<b>Unallocated expenses</b>			<b>(277,580)</b>
<b>Profit before tax</b>			<b>64,429</b>

## NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2020

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

For the six months ended 30 June 2020, segment results represented the net gain on disposal of listed equity securities classified as financial assets at fair value through profit or loss, and net gain on change in fair value of listed 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 interest income from bank deposits, administrative expenses as well as the investment manager's fees.

For the six months ended 30 June 2019	Listed securities	Unlisted securities	Total
	US\$ (Unaudited)	US\$ (Unaudited)	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 and net gain on change in fair value of listed equity securities classified as financial assets at fair value through profit or loss, 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 interest income from bank deposits, administrative expenses 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 2020

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

The following tables present the asset information of the Company's operating segments as at 30 June 2020 and 31 December 2019, respectively:

30 June 2020	Listed securities US\$ (Unaudited)	Unlisted securities US\$ (Unaudited)	Total US\$ (Unaudited)
Financial assets at fair value through profit or loss	1,189,588	–	1,189,588
Dividend receivables	380	–	380
Amount due from a broker	88,497	–	88,497
<b>Total segment assets</b>	<b>1,278,465</b>	<b>–</b>	<b>1,278,465</b>
<b>Unallocated assets</b>			<b>2,523,534</b>
<b>Total assets</b>			<b>3,801,999</b>
31 December 2019	Listed securities US\$ (Audited)	Unlisted securities US\$ (Audited)	Total US\$ (Audited)
Financial assets at fair value through profit or loss	288,305	–	288,305
Total segment assets	288,305	–	288,305
Unallocated assets			3,457,316
Total assets			3,745,621

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

All liabilities as at 30 June 2020 and 31 December 2019 are unallocated liabilities.

## NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2020

## 6. GAIN OR LOSS ON INVESTMENTS

For the six months ended 30 June 2020

	Listed securities US\$ (Unaudited)	Unlisted securities US\$ (Unaudited)	Total US\$ (Unaudited)
<i>Included in profit or loss:</i>			
<b>Realised gain:</b>			
Financial assets at fair value through profit or loss	70,913	–	70,913
<b>Unrealised gain:</b>			
Financial assets at fair value through profit or loss	251,045	–	251,045
<b>Total realised and unrealised gain included in profit or loss</b>	<b>321,958</b>	<b>–</b>	<b>321,958</b>
<b>Total realised and unrealised gain for the period</b>	<b>321,958</b>	<b>–</b>	<b>321,958</b>



## NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2020

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

For the six months ended 30 June 2019	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 2020

**7. PROFIT/(LOSS) BEFORE TAX**

The Company's profit/(loss) before tax is arrived at after charging:

	<b>For the six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>US\$</b>	US\$
	<b>(Unaudited)</b>	(Unaudited)
Auditor's remuneration	<b>12,483</b>	12,515
Custodian fee	<b>5,045</b>	7,079
Employee benefit expense (excluding directors' remuneration)		
Salaries and other benefits	<b>82,923</b>	79,296
Retirement benefit costs	<b>2,319</b>	2,296

**8. 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 2020 (six months ended 30 June 2019 (unaudited): Nil).

**9. DIVIDEND**

No interim dividend has been proposed by the directors for the six months ended 30 June 2020 (six months ended 30 June 2019 (unaudited): Nil).

**10. GAIN/(LOSS) PER SHARE – BASIC AND DILUTED**

The calculation of the basic gain per share amount is based on the profit for the period of US\$64,429 (six months ended 30 June 2019 (unaudited): loss of US\$320,018) and the weighted average number of ordinary shares of 10,686,000 (six months ended 30 June 2019 (unaudited): 10,686,000) in issue during the period.

No adjustment has been made to the basic gain per share amount for the six months ended 30 June 2020 and 2019 in respect of a dilution as the Company had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2020 and 2019.

## NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2020

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30 June 2020 (Unaudited) US\$</b>	31 December 2019 (Audited) US\$
Non-current:		
Unlisted equity investment - Ordinary shares, at fair value:		
Global Market Group Limited ("GMG")	–	–
Listed equity investments, at fair value	<b>1,189,588</b>	288,305
Total	<b>1,189,588</b>	288,305

*Unlisted equity investment - Ordinary shares, at fair value:*

The above unlisted investment at 30 June 2020 is a total of 8,734,897 ordinary shares of GMG held by the Company (31 December 2019: 8,734,897 shares), representing 9.36% of GMG's total issued ordinary shares (31 December 2019: 9.36%).

As at 30 June 2020 and 31 December 2019, management considered qualitative information with limited quantitative information of GMG in assessing GMG's financial performance and ability to attract new financing in the future. During the six months ended 30 June 2020 and year ended 31 December 2019, there was no improvement in the financial performance of GMG and no clear business and capital raising plans in the future. Management assessed that there was no sufficient cash flow liquidity in the business and it is lack of future business plan that would improve the performance. Therefore, management decided to write down the investment to nil as at 30 June 2020 (31 December 2019: Nil).

## NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2020

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

Listed equity investments, at fair value:

The Company's investments in listed equity securities are designated by the Company as at fair value through profit or loss.

During the six months ended 30 June 2020, the net fair value gain in respect of the Company's Hong Kong investments recognised in profit or loss amounted to US\$321,958, of which a net gain of US\$70,913 was recognised upon disposal of the listed equity investments for the period.

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.

**12. SHARE CAPITAL**

	<b>30 June 2020 US\$ (Unaudited)</b>	31 December 2019 US\$ (Audited)
Authorised:		
18,000,000 (2019: 18,000,000) ordinary shares of US\$0.10 each	<b>1,800,000</b>	1,800,000
Issued and fully paid:		
10,686,000 (2019: 10,686,000) ordinary shares of US\$0.10 each	<b>1,068,600</b>	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 2020 of US\$3,715,933 (31 December 2019 (audited): US\$3,651,504) and the number of ordinary shares of 10,686,000 in issue as at 30 June 2020 (31 December 2019 (audited): 10,686,000).

## NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2020

## 14. 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:

		<b>For the six months ended 30 June</b>	
		<b>2020</b>	2019
		<b>US\$</b>	US\$
<i>Note</i>		<b>(Unaudited)</b>	(Unaudited)
	Investment management and administration fees charged by the Investment Manager	<b>35,774</b>	41,932

*Note:*

- (i) Shanghai International Asset Management (Hong Kong) Company Limited (the "Investment Manager") provides key management personnel services to the Company. All directors of the Investment Manager are common directors of the Company.

In accordance with the terms of the investment management agreement and 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 2020, the Investment Manager was not entitled to receive any incentive fee in relation to the performance of the Company (six months ended 30 June 2019 (unaudited): Nil), in accordance with the incentive fee calculation of the Investment Management Agreements.

## NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2020

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

- (b) Outstanding balance with related party:

The Company had an outstanding balance due to the investment manager of US\$42,551 (31 December 2019 (audited): US\$51,025) as at the end of the reporting period. This balance is unsecured, interest-free, and repayable on demand.

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

	<b>For the six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>US\$</b>	US\$
	<b>(Unaudited)</b>	(Unaudited)
Directors' fees	<b>25,112</b>	23,045

**15. 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 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 chief financial officer and the audit committee. 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 chief financial officer and the directors. 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 qualitative information with limited quantitative information of the unlisted equity investment. The directors believe that the estimated fair value resulting from analysis of qualitative information with limited quantitative information of the unlisted equity investment, which is recorded in the statement of financial position, and the related change in fair value, 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 2020

## 15. 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:*

As at 30 June 2020	Fair value measurement using			
	Quoted prices in active markets (Level 1) US\$ (Unaudited)	Significant observable inputs (Level 2) US\$ (Unaudited)	Significant unobservable inputs (Level 3) US\$ (Unaudited)	Total US\$ (Unaudited)
<i>Financial assets at fair value through profit or loss</i>				
Listed equity investments	1,189,588	–	–	1,189,588
Unlisted equity investment**	–	–	–	–
<b>Total</b>	<b>1,189,588</b>	<b>–</b>	<b>–</b>	<b>1,189,588</b>

## NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2020

## 15. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

*(Cont'd)***Fair value hierarchy (Cont'd)***Assets measured at fair value: (Cont'd)*

As at 31 December 2019	Fair value measurement using			Total US\$ (Audited)
	Quoted prices in active markets (Level 1) US\$ (Audited)	Significant observable inputs (Level 2) US\$ (Audited)	Significant unobservable inputs (Level 3) US\$ (Audited)	
<i>Financial assets at fair value through profit or loss</i>				
Listed equity investments	288,305	–	–	288,305
Unlisted equity investment**	–	–	–	–
<b>Total</b>	<b>288,305</b>	<b>–</b>	<b>–</b>	<b>288,305</b>

\*\* Level 3 contained the unlisted equity security of the Company that has been written down to nil. Please refer to note 11 of the interim condensed financial information.



**NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION**

30 June 2020

**15. 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:

	<b>2020</b>	2019
	<b>US\$</b>	US\$
	<b>(Unaudited)</b>	(Unaudited)
<i>Financial assets at fair value through profit or loss – unlisted:</i>		
At 1 January	–	259,465
Change in fair value	–	(259,465)
	<hr/>	<hr/>
At 30 June	–	–
	<hr/> <hr/>	<hr/> <hr/>

The Company did not have any financial liabilities measured at fair value as at 30 June 2020 and 31 December 2019.

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 2019 (unaudited): Nil)

**16. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION**

The interim condensed financial information was approved and authorised for issue by the Board of Directors of the Company on 26 August 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

The Company recorded an unaudited net profit of US\$64,429 for the six months ended 30 June 2020 (six months ended 30 June 2019: unaudited loss of US\$320,018). Last corresponding period's losses were mainly due to drop in fair value on the Company's unlisted investment in Global Market Group Limited, which had been fully impaired on 30 June 2019 and 30 June 2020. No gain or loss on unlisted investment was recorded for the six months ended 30 June 2020. The operating profits in the first half of 2020 were entirely derived from gains on investment in listed securities after deduction of the Company's operating expenses.

Following the broadening of the Company's investment objectives since late November 2019 which allowed more flexibility in investing a wider variety of investment products, the Company authorized the Investment Manager to focus more cash resources to invest in listed securities in 2020 in a view to deliver more returns to shareholders. For the six months ended 30 June 2020, the Company recorded a realized gain on disposal of listed securities of US\$70,913 (six months ended 30 June 2019: US\$81,935) and a net change in unrealised gain on listed securities of US\$251,045 (six months ended 30 June 2019: US\$97,435). Dividend income from listed securities of US\$9,899 was recorded in the reporting period as compared to US\$6,842 in the last corresponding period. As a result, the Company recorded an overall gain of US\$331,857 on listed securities investment during the first half of 2020, a 78% increase as compared with that of 2019.

In view of the impact of COVID-19 pandemic, the Investment Manager constructed the Company's listed securities portfolio in phases cautiously with emphasizes on allocating a right proportion and nature of stocks along the different cycle of the market throughout the year. The stock position was extremely low at the beginning of the year 2020 given a pessimistic view on the stock market for the first quarter. As the market went into deep correction in March, the stock position in the investment portfolio was increased from around 10% to 65% in early May. Most of the stocks chosen were domestic consumption and medical related, expecting those will be the major beneficiaries when the COVID-19 pandemic started to fade away.

For the first half of 2020, the return on the Company's listed securities portfolio recorded a gain of 11% approximately, whilst the Hang Seng Index ("HSI"), closed at 24,427 points, was down by 13.4% and the Hang Seng China Enterprise Index ("HSCEI") was down by 12.6%.

As at 30 June 2020, the Company's net asset value ("NAV") per share was US\$0.35 as compared with US\$0.34 at the end of 2019, a 2.94% improvement mainly due to positive returns on listed securities investment. As at 30 June 2020, the Company's share price was US\$0.30, reflecting a 14.29% discount to the NAV per share.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PRINCIPAL INVESTMENT OBJECTIVE, POLICIES AND RESTRICTIONS

#### *Principal Investment Objective*

The principal investment objective of the Company is to achieve long term capital appreciation through investing in listed and unlisted equity and debt securities as well as in other financial instruments and investment vehicles (which are established or have significant operations or businesses primarily in the Greater China Region which consists of the People's Republic of China (including Hong Kong and, the Macau Special Administration Region) and Taiwan. The Company sought Shareholders' approval in November 2019 to broaden the scope of investment such that the Company have the flexibility to invest in a wider variety of investment products.

#### *Investment Policies and Restrictions*

The Board is responsible for formulating the Company's investment strategy, policies and guidelines. Based on these, the Investment Manager is responsible for identifying and evaluating investment opportunities, executing investment decisions, monitoring and enhancing investments of the Company. The Company will comply with investment restrictions as set out in the Listing Rules as updated from time to time, principally (i) it will not take legal or effective management control of any invested company through which it has or controls more than 30% of the voting rights; and (ii) a reasonable spread of investments will be maintained meaning that it will not invest more than 20% of the net asset value of the Company in securities issued in any one company at the time of making such investment.

### INVESTMENT REVIEW

#### *Portfolio Allocation*

	<b>30 June 2020</b>	31 December 2019
Listed investments	<b>32%</b>	8%
Cash and cash equivalents	<b>68%</b>	92%
Unlisted investment	–	–
Total	<b>100%</b>	100%

## MANAGEMENT DISCUSSION AND ANALYSIS

### ECONOMIC REVIEW

#### *China Economy*

At the beginning of 2020, the sudden outbreak of COVID-19 pandemic brought an unprecedented impact on the China economy. At the same time, with the pandemic wide-spreading overseas, the world economy fell into a comprehensive recession. China economy was therefore, confronted with severe difficulties and new challenges. Gross Domestic Product ("GDP") decreased by 1.6% year-on-year in the first half of 2020. On quarterly analysis, despite the Chinese government implemented strict measures to bring the epidemic under control effectively in the first quarter, GDP nonetheless decreased by 6.8% year-on-year. In the second quarter, market supply starting recovered when most industries resumed work and production, GDP increased by 3.2% year-on-year. The economy began to rebound. With the effective control of the COVID-19 pandemic and resumption of economic activities, China became the first economy recovering its growth since the outbreak of the pandemic.

From the economic trend in the first half of 2020, China economy withstood the severe test brought about by COVID-19 after implementation of a series of stimulating policies and liquidity-easing. The manufacturing Purchasing Manager's Index ("PMI") has been stable above the threshold in four consecutive months, the industrial value-added continued to accelerate its growth year-on-year and the deceleration of fixed asset investment has also slowed. Some industries like agriculture, energy, raw materials, information technology, and finance continued to grow, while some other industries like lodging and catering industry, wholesale and retail industry were hard hit. However, under these circumstances, consumption sector and some other industries have transformed to online business model, driving the "new economy" to grow rapidly. Since demand side still needs time for its full recovery, secure employment and keeping existing businesses afloat are the main targets of current government policies and measures. Although monetary policy has loosened in the first half, this was focused on providing structural assistance to various industries. It is believed that with the impact of the current pandemic, there may be chances that the Chinese government to put forward policies in cutting the requirement reserve ratio and lowering deposit and loan interest rates in the second half of the year.

In the second half of this year, whether the overseas pandemic situation be under-controlled, in particular in the North and South America regions, is an important factor for economic recovery. The threat of pandemic is still harsh, greater effort is required towards full recovery in economy. It is expected that China will introduce various measures to fully support the resumption of production of enterprises such as increasing the budget deficit rate, increasing government investment, reducing taxes, and raising loan guarantees for SMEs.

## MANAGEMENT DISCUSSION AND ANALYSIS

### ECONOMIC REVIEW (Cont'd)

*Relevant stock markets' performance in the first half of 2020*

Indices	30 June 2020	31 December 2019	Change
Hang Seng Index	<b>24,427.19</b>	28,189.75	-13.35%
Hang Seng China Enterprises Index	<b>9,758.63</b>	11,168.06	-12.62%
Hang Seng China-Affiliated Corporations Index	<b>3,756.57</b>	4,537.76	-17.22%
Shanghai SE Composite Index	<b>2,984.67</b>	3,050.12	-2.15%
Shenzhen SE Composite Index	<b>1,975.52</b>	1,722.95	14.66%
Taiwan Stock Exchange Weighted Index	<b>11,621.24</b>	11,997.14	-3.13%
Dow Jones Industrial Average Index	<b>25,812.88</b>	28,538.44	-9.55%
Standard and Poor's 500 Index	<b>3,100.29</b>	3,230.78	-4.04%
NASDAQ Composite Index	<b>10,058.77</b>	8,972.60	12.11%

### LISTED INVESTMENTS REVIEW

#### *Hong Kong Stock Market*

The Hang Seng Index ("HSI") began the year 2020 with a fairly robust momentum, soaring to reach as much as 29,149 points, which was up 3.4% during the first half of January. However, the market fell severely when the news of COVID-19 virus was confirmed contagious among human beings. By around mid-March, the HSI fell to its lowest level at 21,139 points. By the end of the first quarter 2020, the HSI was down 16.3%.

Nonetheless, stock market started to recover in April with more liquidity-easing policies from the People's Bank of China were announced and the spread of COVID-19 virus came under control domestically. The HSI continued to climb to 24,855 points near the end of April. In May, tensions between China and the U.S. escalated, coupled with the introduction of a draft National Security Law for Hong Kong, causing the market to retreat once again. In June, stock market managed to hold up solidly above 24,000 points despite mounting political tensions between China and the U.S.. Besides, investors sentiment continued to improve gradually as China opened up its lockdown and social-distancing given COVID-19 pandemic was well under constrained. For the first half of 2020, the HSI closed at 24,427 points, which was down 13.4% and the HSCEI was down 12.6%. The most outperforming sectors during the period were semiconductors and medical-related companies.

## MANAGEMENT DISCUSSION AND ANALYSIS

### LISTED INVESTMENTS REVIEW (Cont'd)

#### *Hong Kong Stock Market (Cont'd)*

During the first half of 2020, the return of the Company's listed securities portfolio recorded a gain of 11% approximately. The table below showed the monthly year-to-date performance of the listed securities portfolio since beginning of the year in order to provide a better insight for investors.

*Monthly year-to-date performance of listed securities portfolio vs the Hang Seng Index*

2020	January	February	March	April	May	June
	Year-to-date performance (%)					
Listed securities portfolio	-0.81%	0.66%	-1.46%	3.69%	5.83%	11.00%
Hang Seng Index	-6.66%	-7.31%	-16.27%	-12.58%	-18.55%	-13.35%

As discussed in the 2019 annual report, and in view of the impact of COVID-19 pandemic, the Investment Manager constructed the Company's listed securities portfolio in phases cautiously with emphasizes on allocating a right proportion and nature of stocks along the different cycle of the market throughout the year. The stock position was extremely low at the beginning of the year 2020 given our pessimistic outlook of the stock market for the first quarter. As the stock market went into deep correction in March, the stock position in the listed securities portfolio has been increased from around 10% to 65% in early May. Most of the stocks chosen were domestic consumption and medical related, expecting those will be the major beneficiaries when the COVID-19 pandemic started to fade away.

There are five important factors that are considered in the Investment Manager's investment process. They are called Market cycle (M); Outperforming industry cycles and related stocks (O); Drivers (D); Liquidity (L); Latest financials (L) and Shareholding structure (S). The most advanced stocks in the Company's portfolio included Meituan Dianping (3690 HK), Tencent (700 HK) and Pharmaron (3759 HK).

Looking back to the first half of 2020, the Investment Manager believed that the sole allocation of high-tech industry is insufficient, especially underestimating the intensity of investment capitals in pursuit of the idea of domestic substitution. Although many of these companies have been underperforming in profits, the Investment Manager will continue to pay more attention to them in the future.

## MANAGEMENT DISCUSSION AND ANALYSIS

## LISTED INVESTMENTS REVIEW (Cont'd)

## Listed Securities Portfolio

## As at 30 June 2020

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	5,400	0.00006	259,678	347,389	9.35	1,114
CLP Holdings Limited	Electricity Supply	24,000	0.00095	256,662	235,340	6.33	5,626
Pharmaron Beijing Co., Ltd.	Medicine	30,000	0.02239	256,492	309,657	8.33	380
Meituan Dianping	E-Commerce & internet services	13,400	0.00023	154,803	297,202	8.00	-
Other listed securities				-	-	-	2,779
<b>Total investment in listed securities</b>				<b>927,635</b>	<b>1,189,588</b>	<b>32.01</b>	<b>9,899</b>

## As at 31 December 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>							
A-Living Services Co., Ltd.	Property Management	15,000	0.0002	29,649	51,788	1.42	-
CLP Holdings Limited	Electricity Supply	12,000	0.00047	128,505	126,139	3.45	969
China Tower Corporation Limited	Satellite & wireless communication	500,000	0.00107	119,244	110,378	3.02	60
Other listed securities				-	-	-	6,782
<b>Total investment in listed securities</b>				<b>277,398</b>	<b>288,305</b>	<b>7.89</b>	<b>7,811</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### UNLISTED INVESTMENT REVIEW

As at 30 June 2020, the Company held one unlisted securities investment but was fully written down. No new investment was consummated in the first half of 2020 in view of the Company's limited cash resources.

#### *Unlisted Investment Portfolio*

#### **As at 30 June 2020 and 31 December 2019**

Invested project	Nature of business	% of equity interest	Amount invested at cost	Unrealised loss	Fair value	% of net asset value	Dividend income	Accumulated dividend income
		%	US\$	US\$	US\$	%	US\$	US\$
Global Market Group Limited <sup>(Note)</sup>	B2B platform	9.36	5,847,458	(5,847,458)	-	-	-	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 and delisted in September 2015 and reclassified as the Company's unlisted securities investment. This investment was fully written down since 30 June 2019.

### PROSPECTS

For the second half of 2020, the Company considered that there are three major concerns affecting the investment market. The first and most important is the continuous outbreak of COVID-19 virus. Whether the pandemic can be under controlled or constrained in different continents is important, allowing normal economic activities to resume. Secondly, the already fragile world economy will rely heavily on the intensity of China and the U.S. trade dispute. Finally, as the U.S. election in November come closer, market participants are wary that political considerations are likely to outweigh economic factors in Washington government, raising more risks in the stock markets.

On the Company's listed investment front, the Investment Manager will focus on industries that will ride on Chinese consumption upgrade, healthcare needs, infrastructure developments and technology enhancements. The Company will continue to adhere to its prudent investment strategy and be aware of any potential risks. Given the diminishing asset size of the Company, there are limited resources and opportunity to participate in new unlisted investment project. The Investment Manager will continue to follow up the fully-written down unlisted investment to strike the best exit opportunity.



## 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 2020, the Company did not participate in any new unlisted investment. The Company’s bank balances as of 30 June 2020 were US\$2,506,619 (31 December 2019: US\$3,419,680). 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 investment as of 30 June 2020 and 31 December 2019 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 2020, 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 2020, 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*

<b>Name</b>	<b>Capacity</b>	<b>Number of shares</b>	<b>Percentage of total issued shares</b>	<i>Notes</i>
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 2020, 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 2020, 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 2020, 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 22 May 2020.

## OTHER INFORMATION

### THE BOARD

The Board currently has seven Directors comprising two Executive Directors, two Non-executive Directors and three Independent Non-executive Directors (“INEDs”). During the period, Mr. NI Jianwei resigned as Non-executive Director of the Board (effective on 12 June 2020). 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 shareholders of the Company.

### 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 2020 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

### CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, changes of Directors' information since the publication of the Company's 2019 Annual Report are set out below:

<b>Name of Directors</b>	<b>Changes</b>
Mr. ONG Ka Thai	Resigned as a chairman of Ong Commodities Private Limited in April 2020
Mr. FENG Huang	Resigned as a vice chairman of Shanghai Guojin Financial Leasing Co., Ltd. in May 2020
Mr. NI Jianwei	Resigned as Non-executive Director of the Company and an executive director of the Investment Manager with effect from 12 June 2020
Mr. YICK Wing Fat Simon	Retired as an independent non-executive director, convener of the remuneration and assessment committee and a member of the strategy committee of Chengdu Xingrong Environment Co, Ltd. (a company listed on the Shenzhen stock exchange) with effect from 4 August 2020

### 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 2020.

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

Hong Kong, 26 August 2020