

SHANGHAI INTERNATIONAL SHANGHAI GROWTH INVESTMENT LIMITED

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

2013
Interim Report



INVESTMENT MANAGER
SHANGHAI INTERNATIONAL ASSET MANAGEMENT (H.K.) CO., LTD.



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CORPORATE INFORMATION

Directors

Executive Directors:

Dr. WANG Ching
Mr. WU Bin

Independent Non-Executive Directors:

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

Other Non-Executive Directors:

Mr. CHEN Chi-chuan
Mr. LEE Tien-chieh
Mr. TSENG Ta-mon
Dr. ZHU Zhongqun

Company Secretary

Mr. LIANG Kwan Wah Andrew

Investment Manager

Shanghai International Asset Management
(H.K.) Co., Ltd.

In Hong Kong:

Room 2603A, 26/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

In Shanghai:

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Crystal Century Tower
No.567 Wei Hai Road
Shanghai 200041, China

Legal Advisers

In Hong Kong:

Charltons Solicitors & Notary Public

In the Cayman Islands:

Maples and Calder

Auditors

Ernst & Young

Certified Public Accountants

Custodian

Standard Chartered Bank (Hong Kong) Limited

Share Registrars and Transfer Office

Tricor Secretaries Limited

26/F Tesbury Centre

28 Queen's Road East, Hong Kong

Registered Office

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

Principal Place of Business

Room 2603A, 26/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Company's Website

<http://shanghaigrowth.etnet.com.hk>

Stock Code

770



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



TO THE BOARD OF DIRECTORS OF
SHANGHAI INTERNATIONAL SHANGHAI GROWTH INVESTMENT LIMITED
(An exempted company incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the accompanying interim financial information set out on pages 4 to 23, which comprises the condensed statement of financial position of Shanghai International Shanghai Growth Investment Limited (the “Company”) as at 30 June 2013 and the related condensed statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants.

The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

7 August 2013

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Notes	Six months ended 30 June	
		2013 (Unaudited) US\$	2012 (Unaudited) US\$
INCOME AND GAIN/(LOSS) ON INVESTMENTS			
Interest income	14(a)(ii)	261	57,208
Dividend income		29,183	12,303
Net change in unrealised loss on financial assets at fair value through profit or loss		(6,540,450)	(2,332,284)
Net loss on disposal of available-for-sale investments		(185,609)	(30,250)
Impairment loss on available-for-sale investments	15	(20,759)	–
Realised gain on financial assets at fair value through profit or loss		–	1,536
		(6,717,374)	(2,291,487)
EXPENSES			
Investment manager's fees	14(a)(i)	(176,835)	(235,989)
Administrative expenses		(185,343)	(240,996)
		(362,178)	(476,985)
Income tax expenses	7	–	–
LOSS FOR THE PERIOD		(7,079,552)	(2,768,472)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale investments:			
Changes in fair value on available-for-sale investments		(376,559)	114,760
Reclassification adjustment for loss included in profit or loss upon disposal		185,609	30,250
Impairment loss on available-for-sale investments		20,759	–
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		(170,191)	145,010
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(7,249,743)	(2,623,462)
LOSS PER SHARE – BASIC AND DILUTED	9	(79.50 cents)	(31.09 cents)



INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

30 June 2013

		30 June 2013 (Unaudited) US\$	31 December 2012 (Audited) US\$
	<i>Notes</i>		
NON-CURRENT ASSETS			
Available-for-sale investments	<i>10</i>	2,294,664	2,109,586
Financial assets at fair value through profit or loss	<i>11</i>	5,315,360	11,855,810
Total non-current assets		7,610,024	13,965,396
CURRENT ASSETS			
Prepayments and other receivables		573,284	681,838
Cash and bank balances		4,239,192	5,783,179
Total current assets		4,812,476	6,465,017
CURRENT LIABILITIES			
Accruals		76,154	49,715
Amount due to investment manager	<i>14(b)</i>	108,074	2,183
Tax provision		210,000	210,000
Total current liabilities		394,228	261,898
NET CURRENT ASSETS		4,418,248	6,203,119
NET ASSETS		12,028,272	20,168,515
EQUITY			
Share capital	<i>12</i>	890,500	890,500
Reserves		11,137,772	18,387,515
Proposed dividend		–	890,500
Total equity		12,028,272	20,168,515
NET ASSET VALUE PER SHARE		1.35	2.26

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Issued capital US\$	Share premium account* US\$	Available- for-sale investments revaluation reserve* US\$	Capital reserve* US\$	Retained profits/ (accumulated losses)* US\$	Proposed dividend US\$	Total US\$
At 1 January 2013 (audited)	890,500	12,957,435	152,631	6,008,352	(730,903)	890,500	20,168,515
Loss for the period	-	-	-	-	(7,079,552)	-	(7,079,552)
Other comprehensive income for the period:							
Change in fair value on available-for-sale investments, net of tax (Note a)	-	-	(376,559)	-	-	-	(376,559)
Reclassification adjustment for loss included in profit or loss upon disposal of available-for-sale investments	-	-	185,609	-	-	-	185,609
Impairment loss on available-for-sale investment	-	-	20,759	-	-	-	20,759
Total comprehensive income for the period	-	-	(170,191)	-	(7,079,552)	-	(7,249,743)
Transfers from retained profits/(accumulated losses) (Note b):							
Net unrealised loss on change in fair value of financial assets at fair value through profit or loss	-	-	-	(6,540,450)	6,540,450	-	-
2012 special final dividend paid	-	-	-	-	-	(890,500)	(890,500)
At 30 June 2013 (unaudited)	890,500	12,957,435*	(17,560)*	(532,098)*	(1,270,005)*	-	12,028,272

* These reserve accounts comprise the reserve of US\$11,137,772 (31 December 2012: US\$18,387,515) in the interim condensed statement of financial position.



INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (Cont'd)
For the six months ended 30 June 2013

	Issued capital US\$	Share premium account* US\$	Available-for-sale investments revaluation reserve* US\$	Capital reserve* US\$	Retained profits/(accumulated losses)* US\$	Proposed dividend US\$	Total US\$
At 1 January 2012 (audited)	890,500	13,847,935	(758,803)	7,772,249	951,883	890,500	23,594,264
Loss for the period	-	-	-	-	(2,768,472)	-	(2,768,472)
Other comprehensive income for the period:							
Change in fair value on available-for-sale investments, net of tax (Note a)	-	-	114,760	-	-	-	114,760
Reclassification adjustment for loss included in profit or loss upon disposal of available-for-sale investments	-	-	30,250	-	-	-	30,250
Total comprehensive income for the period	-	-	145,010	-	(2,768,472)	-	(2,623,462)
Transfers from retained profits/(accumulated losses) (Note b):							
Net unrealised loss on change in fair value of financial assets at fair value through profit or loss	-	-	-	(2,332,284)	2,332,284	-	-
Transfers to retained profits/(accumulated losses) (Note b):							
Net unrealised loss on financial assets at fair value through profit or loss upon disposal	-	-	-	580,293	(580,293)	-	-
2011 final dividend paid	-	-	-	-	-	(890,500)	(890,500)
At 30 June 2012 (unaudited)	890,500	13,847,935	(613,793)	6,020,258	(64,598)	-	20,080,302

Notes:

- a) Fair value changes of available-for-sale investments are dealt with in the available-for-sale investments revaluation reserve until the available-for-sale investments are sold or impaired, at which time the cumulative net gain or loss shall be reclassified to profit or loss.
- b) Pursuant to the Company's Memorandum and Articles of Association amendment on 12 May 2011, profits arising from the realisation of investments are available for distribution as dividends. Profits arising from revaluation of investments may be available for distribution as dividends only at the discretion of the board of directors.

To separate the unrealised gain/loss of financial assets at fair value through profit or loss from retained profits/(accumulated losses), the Company transferred the unrealised gain/loss of financial assets at fair value through profit or loss from retained profits/(accumulated losses) to the Capital Reserve during the period.

As at 30 June 2013 and 2012, the balance of the capital reserve represented the unrealised gain/loss of financial assets at fair value through profit or loss.

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	US\$	US\$
Net cash flows used in operating activities	(653,487)	(400,119)
Net cash flows used in financing activities	(890,500)	(890,500)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,543,987)	(1,290,619)
Cash and cash equivalents at 1 January	5,783,179	6,808,139
CASH AND CASH EQUIVALENTS AT 30 JUNE	4,239,192	5,517,520
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash at bank	4,239,192	5,517,520



NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

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 of the Company is located at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company's principal activity 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").

2. BASIS OF PREPARATION

The interim condensed financial statements for the six months ended 30 June 2013 have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). They have been prepared on the historical cost convention, except for financial assets at fair value through profit or loss and available-for-sale investments, which have been measured at fair values. These interim condensed financial statements are presented in United States dollars ("US\$").

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3. ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the interim condensed financial statements requires management to make judgement, 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 judgement 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 2012.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

4. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2012, except for the adoption of the following new and revised HKFRSs as of 1 January 2013, noted below:

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i>
HKFRS 10	<i>Consolidated Financial Statements</i>
HKFRS 11	<i>Joint Arrangements</i>
HKFRS 12	<i>Disclosure of Interests in Other Entities</i>
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – <i>Transition Guidance</i>
HKFRS 13	<i>Fair Value Measurement</i>
HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i>
HKAS 19 (2011)	<i>Employee Benefits</i>
HKAS 27 (2011)	<i>Separate Financial Statements</i>
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i>
HK(IFRIC) – Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>
<i>Annual Improvements to HKFRSs 2009-2011 Cycle</i>	Amendments to a number of HKFRSs issued in June 2012

The adoption of the new and revised HKFRSs has had no significant financial effect on these interim condensed financial statements. Further information about those HKFRSs that are applicable to the Company is as follows:

HKAS 1 (Amendment) *Presentation of Financial Statements*: The amendments to HKAS 1 require companies preparing financial statements in accordance with HKFRSs to group together items within other comprehensive income ("OCI") that may be reclassified to the profit or loss section of the statement of comprehensive income. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. The adoption of this revised standard affects the presentation of the Company's statement of comprehensive income.



NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

4. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

HKFRS 7 (Amendment) *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*: The amendments require new disclosures to include information that enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The adoption of this standard does not have a material impact on the Company's financial statements.

HKFRS 13 *Fair Value Measurement*: The new standard which was issued in June 2011 replaces the fair value measurement guidance contained in individual HKFRSs by providing a revised definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied when its use is already required or permitted by other standards within HKFRSs. The adoption of this standard does not have a material impact on the Company's financial statements.

In addition, 'Annual Improvements to HKFRSs 2009–2011 Cycle' contains numerous amendments to HKFRSs which the HKICPA considers not urgent but necessary. It comprises amendments that result in accounting changes for presentation and classification. The adoption of these improvements does not have a material impact on the Company's financial statements.

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

HKFRS 9	<i>Financial Instruments</i> ²
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i> ¹

1 Effective for annual periods beginning on or after 1 January 2014

2 Effective for annual periods beginning on or after 1 January 2015

The Company is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. Management considers that these new and revised HKFRSs are unlikely to have a significant impact on the Company's results of operations and financial positions.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

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 equity securities not yet eligible for public trading on relevant stock exchange

Further details of the Company's investments are included in notes 10 and 11 to the interim condensed financial statements.

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

	Listed securities US\$	Unlisted securities US\$	Total US\$
Six months ended 30 June 2013			
<u>(unaudited)</u>			
Segment results	(6,696,876)	(20,759)	(6,717,635)
Bank interest income			261
Unallocated expenses			(362,178)
Loss for the period			(7,079,552)
Six months ended 30 June 2012 (unaudited)			
Segment results	(2,350,231)	1,536	(2,348,695)
Interest income from bank deposits and advances			57,208
Unallocated expenses			(476,985)
Loss for the period			(2,768,472)



NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

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

For the six months ended 30 June 2013 and 2012, segment results represented the net gain/(loss) on disposal of listed and unlisted equity securities classified as available-for-sale investments, impairment loss recognised in respect of available-for-sale investments, net gain/(loss) on fair value of listed equity securities classified as financial assets at fair value through profit or loss, and the corresponding interest income as well as dividend income earned by each segment without the allocation of administrative expenses and interest income from bank deposits and advances as well as investment manager's fees.

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

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

	Listed securities	Unlisted securities	Total
	US\$	US\$	US\$
At 30 June 2013 (unaudited)			
Available-for-sale investments	1,717,682	576,982	2,294,664
Financial assets at fair value through profit or loss	5,315,360	–	5,315,360
Total segment assets	7,033,042	576,982	7,610,024
Unallocated assets			4,812,476
Total assets			12,422,500
At 31 December 2012 (audited)			
Available-for-sale investments	1,511,845	597,741	2,109,586
Financial assets at fair value through profit or loss	11,855,810	–	11,855,810
Total segment assets	13,367,655	597,741	13,965,396
Unallocated assets			6,465,017
Total assets			20,430,413

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

5. OPERATING SEGMENT INFORMATION (Cont'd)

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

All liabilities as at 30 June 2013 and 31 December 2012 are unallocated liabilities.

6. GAIN OR LOSS ON INVESTMENTS

	Listed securities US\$	Unlisted securities US\$	Total US\$
Six months ended 30 June 2013			
(unaudited)			
<i>Included in profit or loss:</i>			
Realised loss:			
Available-for-sale investments	(185,609)	–	(185,609)
Unrealised loss:			
Available-for-sale investments	–	(20,759)	(20,759)
Financial assets at fair value through profit or loss	(6,540,450)	–	(6,540,450)
	(6,540,450)	(20,759)	(6,561,209)
Total realised and unrealised loss included in profit or loss	(6,726,059)	(20,759)	(6,746,818)
<i>Included in other comprehensive income:</i>			
Unrealised loss of:			
Available-for-sale investments at 30 June 2013	(111,427)	–	(111,427)
Total realised and unrealised loss for the period	(6,837,486)	(20,759)	(6,858,245)



NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

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

	Listed securities	Unlisted securities	Total
	US\$	US\$	US\$
<u>Six months ended 30 June 2012 (unaudited)</u>			
<i>Included in profit or loss:</i>			
Realised gain/(loss):			
Available-for-sale investments	(30,250)	–	(30,250)
Financial assets at fair value through profit or loss	–	1,536	1,536
	(30,250)	1,536	(28,714)
Unrealised loss:			
Financial assets at fair value through profit or loss	(2,332,284)	–	(2,332,284)
Total realised and unrealised gain/(loss) included in profit or loss	(2,362,534)	1,536	(2,360,998)
<i>Included in other comprehensive income:</i>			
Unrealised gain of:			
Available-for-sale investments at 30 June 2012	673	114,087	114,760
Total realised and unrealised gain/(loss) for the period	(2,361,861)	115,623	(2,246,238)

7. TAXATION

No provision for Hong Kong profits tax has been made in the interim condensed financial statements as the Company did not generate assessable profits arising in Hong Kong for the six months ended 30 June 2013 (six months ended 30 June 2012 (unaudited): Nil).

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

8. DIVIDEND

The directors did not recommend the payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012 (unaudited): Nil).

9. LOSS PER SHARE – BASIC AND DILUTED

The calculation of basic loss per share is based on the loss for the period of US\$7,079,552 (six months ended 30 June 2012 (unaudited): US\$2,768,472) and 8,905,000 (six months ended 30 June 2012 (unaudited): 8,905,000) ordinary shares in issue.

The Company had no potentially dilutive ordinary shares in issue during those six months period ended 30 June 2013 and 2012.

10. AVAILABLE-FOR-SALE INVESTMENTS

		30 June 2013 (Unaudited) US\$	31 December 2012 (Audited) US\$
	<i>Notes</i>		
Non-current:			
Listed equity investments, at fair value:			
Hong Kong	<i>(i)</i>	1,717,682	1,511,845
Unlisted equity investments, at fair value:			
Taiwan	<i>(ii)</i>	576,982	597,741
		2,294,664	2,109,586



NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

10. AVAILABLE-FOR-SALE INVESTMENTS *(Cont'd)*

Notes:

- (i) The Company's investments in listed equity securities are held for long-term and are non-trading in nature and designated as available-for-sale investments. Fair values of the investments in listed equity securities are determined by reference to closing prices quoted in active markets.

During the six months ended 30 June 2013, the gross fair value loss in respect of the Company's available-for-sale investments recognised in other comprehensive income amounted to US\$376,559 (six months ended 30 June 2012 (unaudited): gain of US\$114,760), of which a loss of US\$185,609 (six months ended 30 June 2012 (unaudited): loss of US\$30,250) was reclassified from other comprehensive income to the profit or loss account upon disposal for the period.

- (ii) Equity securities investment in C-Media Electronics Inc., a company listed in Taiwan, was acquired by the Company under a private placement subscription on 11 May 2010. The investment was subject to a maximum three-year lock-up restriction under the rules of the relevant jurisdiction from that day which expired in May 2013. However, these equity securities are not yet listed on GreTai Securities Market of Taiwan.

11. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2013	31 December 2012
	(Unaudited)	(Audited)
	US\$	US\$
Non-current:		
Ordinary shares		
GMG	5,315,360	11,855,810

The above financial asset at 30 June 2013 and 31 December 2012 was upon initial recognition, designated by the Company as at fair value through profit or loss.

GMG listed its equity shares on the Alternative Investment Market of London Stock Exchange on 22 June 2012 and they are currently traded in the market. As at 30 June 2013, a total of 8,734,897 ordinary shares of GMG are held by the Company, representing 8.93% of GMG's total issued ordinary shares. The value of GMG ordinary shares were recorded at closing price at 28 June 2013.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

12. SHARE CAPITAL

	30 June 2013 (Unaudited) US\$	31 December 2012 (Audited) US\$
Authorised:		
18,000,000 (2012: 18,000,000) ordinary shares of US\$0.1 each	1,800,000	1,800,000
Issued and fully paid:		
8,905,000 (2012: 8,905,000) ordinary shares of US\$0.1 each	890,500	890,500

13. NET ASSET VALUE PER SHARE

The calculation of net asset value ("NAV") per share is based on the Company's NAV as at 30 June 2013 of US\$12,028,272 (31 December 2012 (audited): US\$20,168,515) and the number of ordinary shares of 8,905,000 in issue as at 30 June 2013 (31 December 2012 (audited): 8,905,000).

14. RELATED PARTY TRANSACTIONS

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

		Six months ended 30 June 2013 (Unaudited) US\$	2012 (Unaudited) US\$
	<i>Notes</i>		
Investment management and administration fees charged by the investment manager	(i)	176,835	235,989
Interest income received from a shareholder of the Company	(ii)	–	50,025



NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

14. RELATED PARTY TRANSACTIONS (Cont'd)

(a) (Cont'd)

Notes:

- (i) Certain directors of the investment manager, Shanghai International Asset Management (H.K.) Co., Ltd. (the "Investment Manager"), are common directors of the Company.

In accordance with the terms of the investment management agreement and the six 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.

The Investment Manager is entitled to an incentive fee equal to 20% of the excess amount by which the NAV of the Company as at 31 December of each year exceeding 108% of the NAV of the Company as at 31 December of the immediately preceding year. The actual amount of special dividends paid out in the relevant year shall be deducted from the NAV of the Company as at 31 December of the immediately preceding year when calculating the growth of the NAV. In the event that the Company raises new capital in the relevant year, and for the purpose of determining the incentive fee, such new capital shall be deducted from the NAV of the Company as at 31 December of the relevant year.

During the six months ended 30 June 2013, the Investment Manager was not entitled to receive an incentive fee in relation to the performance of the Company (six months ended 30 June 2012 (unaudited): Nil), in accordance with the incentive fee calculation of the Investment Management Agreements.

- (ii) The interest income for the six months ended 30 June 2012 was received from a shareholder of the Company for the advance to the shareholder of US\$851,583, which was fully repaid in April 2012.

(b) Outstanding balances with related parties:

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

14. RELATED PARTY TRANSACTIONS (Cont'd)

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

The key management personnel of the Company comprise the directors of the Company. Details of directors' emoluments are as follows:

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	US\$	US\$
Directors' fees	23,206	23,204

15. FAIR VALUE HIERARCHY

The available-for-sale investments and financial assets at fair value through profit or loss held by the Company (both current and non-current assets) are carried at fair value. All other financial assets and liabilities are carried at amortised cost and approximate their respective fair values due to the relatively short-term nature of these financial instruments.

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

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)



NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

15. FAIR VALUE HIERARCHY (Cont'd)

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<u>30 June 2013 (unaudited)</u>				
<i>Financial assets at fair value through profit or loss</i>				
Listed equity securities	5,315,360	–	–	5,315,360
<i>Available-for-sale investments</i>				
Listed equity securities	1,717,682	–	–	1,717,682
Unlisted equity securities	–	–	576,982	576,982
Total	7,033,042	–	576,982	7,610,024
<u>31 December 2012 (audited)</u>				
<i>Financial assets at fair value through profit or loss</i>				
Listed equity securities	11,855,810	–	–	11,855,810
<i>Available-for-sale investments</i>				
Listed equity securities	1,511,845	–	–	1,511,845
Unlisted equity securities	–	–	597,741	597,741
Total	13,367,655	–	597,741	13,965,396

The Company did not have any financial liabilities measured at fair value as at 30 June 2013 and 31 December 2012.

As detailed in note 11 to the interim condensed financial statements, GMG listed its equity shares on the Alternative Investment Market of London Stock Exchange on 22 June 2012 and they are currently traded in the market. Because the equity shares now have a published price quotation in an active market, the fair value measurement was disclosed as Level 1 of the fair value hierarchy during the six months ended 30 June 2013 and year ended 31 December 2012.

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

15. FAIR VALUE HIERARCHY (Cont'd)

As detailed in note 10 to the interim condensed financial statements, the investment in C-Media shares is unlisted and was subject to a 3 year lock-up restriction which expired on 11 May 2013. The fair value of the investments in C-Media is valued by the equity pricing model. Management considers the fair value of C-Media investment to be reliance on unobservable inputs and hence classified the investment's fair value as Level 3 of the fair value hierarchy.

Reconciliation of Level 3 fair value measurements of financial assets is as follows:

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	US\$	US\$
<i>Financial assets at fair value through profit or loss</i>		
At 1 January	–	14,200,000
Net change in unrealised gain recognised in interim condensed statement of comprehensive income	–	3,633,602
Transfer out to Level 1	–	(17,833,602)
	<hr/>	<hr/>
At 30 June	–	–
<i>Available-for-sale investments</i>		
At 1 January	597,741	1,022,544
Impairment recognised in profit or loss	(20,759)	–
Net change in unrealised gain recognised in interim condensed statement of comprehensive income	–	114,087
	<hr/>	<hr/>
At 30 June	576,982	1,136,631



NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

15. FAIR VALUE HIERARCHY (Cont'd)

During the six months ended 30 June 2013, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 fair value measurements.

The fair value of investment in C-Media has been estimated using a valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires making estimates on expected future share price and volatility of the share price. Management believes that the estimated fair value resulting from the valuation technique, which is recorded in the interim condensed statement of financial position, and the related changes in fair value, which is recorded in other comprehensive income, is reasonable, and it was the most appropriate value at the end of the reporting period.

For the fair value of investment in C-Media, management has estimated the potential effect of using reasonably possible alternatives as input to the valuation model and the effect is insignificant.

16. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved and authorised for issue by the Board of Directors of the Company on 7 August 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Company recorded an unaudited loss of US\$7,079,552 for the six months ended 30 June 2013, (six months ended 30 June 2012: US\$2,768,472). The increase in losses was mainly attributable to unrealised fair value loss on one of the Company's investments, Global Market Group Limited ("GMG"), which was listed on the Alternative Investment Market ("AIM") of the London Stock Exchange on 22 June 2012. Besides, due to unstable global financial markets, the Company recorded realised loss of US\$185,609 (six months ended 30 June 2012: US\$30,250) on disposal of listed securities for the six months ended 30 June 2013. Nonetheless, the Company invested in defensive stocks with better dividend yield and recorded dividend income of US\$29,183 in the reporting period as compared to US\$12,303 in the last corresponding period.

The significant drop in market value of GMG was a major drag on the Company's loss operating performance. A lower-than-anticipated 2012 revenue growth announced by GMG led to an over-recorded 50% drop in market price but with very thin trading volume. As a consequence, the Company recorded a US\$6.5 million unrealised loss on the change in fair value of this investment at the end of the reporting period.

On the Hong Kong listed securities side, the Hang Seng Index fell 1,854 points in the first six months of 2013, a loss of 8.2% from the end of 2012. The Company's listed securities portfolio recorded a loss of 11.0% over the same period.

The Company paid its shareholders a special final dividend of US\$0.10 per share in June 2013. As at 30 June 2013, the Company's net asset value (NAV) per share was US\$1.35 as compared with US\$2.26 at the end of 2012, such decrease was mainly due to the payment of special final dividend and unrealised loss in fair value of GMG.

Economic Review

China's economic recovery trend since the fourth quarter of last year has not extended further. In the second quarter of 2013, China's Gross Domestic Product ("GDP") growth rate continues to ease, down to 7.5% from the first quarter's 7.7%. Overall GDP grew 7.6% in the first half of 2013.

The rapid rise in costs of labour and resources in China, together with other factors such as international markets downturn as well as domestic overcapacity, have caused China's Manufacturing Purchasing Managers Index ("PMI") and Producer Price Index ("PPI") to remain at low levels for an extended time. China's economic growth rate may face the situation of bottoming again in the second half. However, a statement by the central government that annual economic growth rate will not breach the lower limit of 7%, indicates that besides maintaining China economy's steady growth, it will focus on economic restructuring and transformation through policy changes to achieve healthy and sustainable long-term economic growth.



MANAGEMENT DISCUSSION AND ANALYSIS

Relevant stock markets' performance in the first half of 2013

Indices	30 June	31 December	Change
	2013	2012	
Hang Seng Index	20,803.29	22,656.92	-8.18%
Hang Seng China Enterprises Index	9,311.44	11,436.16	-18.58%
Hang Seng China-Affiliated Corporation Index	4,028.72	4,531.12	-11.09%
Shanghai SE Composite Index	1,979.21	2,269.13	-12.78%
Shenzhen SE Composite Index	887.68	881.17	0.74%
Taiwan Exchange Index	8,062.21	7,699.50	4.71%
Dow Jones Industrial Average Index	14,909.60	13,104.14	13.78%
Standard and Poor's 500 Index	1,606.28	1,426.19	12.63%
NASDAQ Composite Index	3,403.25	3,019.51	12.71%

Source: Bloomberg

Investment Review

Portfolio Allocation

	30 June	31 December
	2013	2012
Listed investments	58%	66%
Unlisted investments	5%	3%
Cash and net receivables	37%	31%
Total	100%	100%

Listed Investments Review

In the first half of 2013, performance of the Hong Kong market is anticlimactic: momentum was strong earlier in the year and peaked in February at 23,944. Subsequently, the U.S. Federal Reserve released a message to the market that it will withdraw from the market around middle of next year. Moreover People's Bank of China also temporarily suspended capital injection into the banking system, resulting in a surge in interbank lending rate. The market index went down with increased volatility and fell for six straight weeks hitting a low of 19,426.

MANAGEMENT DISCUSSION AND ANALYSIS

Listed Investment Review *(Cont'd)*

Hang Seng Index fell 1,854 points to close at 20,803 as at 30 June 2013, a loss of 8.2% from the end of 2012. The Company's listed securities portfolio recorded a loss of 11.0% in the same period.

Global Market Group Limited ("GMG")

In March 2008, the Company invested in GMG Preferred Shares for a consideration of US\$5 million. In June 2010, the Company reinvested its dividend entitlement of US\$847,458 for additional GMG Preferred Shares to increase its equity interest to 9.67%.

GMG is a leading B2B internet trading service provider in the PRC. It focuses on providing an international trading service platform for high-end quality export manufacturers in China and international buyers.

GMG's ordinary shares were admitted to trading ("Admission") on the Alternative Investment Market of the London Stock Exchange on 22 June 2012. The Company's investment in GMG Preferred Shares was converted into ordinary shares of GMG immediately prior to the placing of GMG's newly issued ordinary shares and Admission. GMG successfully raised £9.7 million by way of a placing of new ordinary shares at a reasonable valuation, giving a market capitalization of approximately £127 million on Admission. However, due to an unusual selling behavior, subsequent trading prices of GMG ordinary shares suffered an approximately 33% drop, though recorded with thin trading volume.

Despite disappointing global trading conditions, GMG achieved revenue growth of 5.3% during 2012. Yet, a lower-than-anticipated 2012 revenue growth announced by GMG had led to an over-reacted 50% drop in market price, still with very thin trading volume.

According to GMG's announcement, the company focused on developing two new initiatives, the Free GMC Scheme and the M2C China. Total capital outlay is expected to be about US\$9 million, of which US\$4 million had been invested in 2012. As these investments are in a developing stage, it is expected that they would have a short term effect on GMG's financial performance in the forthcoming 2 years. The Company is closely monitoring GMG's business model and believes that GMG would enjoy significant benefits from these new initiatives in the long run.

As a consequence of the drop in market price, the Company recorded a US\$6.5 million unrealised loss on the change in fair value of this investment at the end of the reporting period. The Company considers that GMG's current stock price does not reflect its intrinsic value and will continue to monitor closely for appropriate exit opportunity.



MANAGEMENT DISCUSSION AND ANALYSIS

Unlisted Investments Review

The Investment Manager studied a number of potential projects in the first half of 2013 in various sectors such as domestic consumption, catering and e-business etc. However, given the current phase of China's economic transformation, small and medium enterprises' operations are experiencing difficulties. In adopting a prudent investment approach, the Company did not make any new investments but maintained follow-ups on some potential investment opportunities.

C-Media Electronics Inc. ("C-Media")

In May 2010, the Company participated in a private placement launched by C-Media by subscribing for 1 million new shares therein at an investment cost of US\$1.2 million approximately. The common shares of C-Media are currently listed on the Taiwan GreTai Securities Market (stock code 6237.TW). By nature of this private placement, the new shares are subject to a three-year lockup restriction and thereafter, these shares are qualified to apply for listing on the same market with its existing common shares.

C-Media specializes in the designing and manufacturing of audio ICs, and the LED business, which C-media has been actively developing, has been progressing well. The Company has been diligently monitoring its various businesses. Facing keen competition in the LED business, its profit margin has been under pressure. C-Media thus focused on increasing cooperation with international companies in order to increase market share and profit margin. C-Media recorded losses in 2012. Its board of directors, nonetheless, declared dividend of NT\$1 per share and the Company would be entitled to receive NT\$1 million dividend once a distribution date is determined.

The lock-up restriction of the private placement shares expired in May 2013. However, these shares have yet to qualify to be traded on the Taiwan GreTai Securities Market due to a shortfall in C-Media's 2012 profit target. The fair value of these shares is valued by the equity pricing model which involves assumptions subject to marketability discount determined by the Investment Manager. The fair value of C-Media is US\$576,982 at 30 June 2013. The Company will closely monitor its price performance and seek appropriate exit opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS

Prospects

Recently, major brokerage firms have lowered this year's economic growth forecast for China. With China's economic slowdown and domestic banks strapped for cash, coupled with the U.S. Federal Reserve who indicated that it will reduce size of debt purchases in the second half, Hong Kong stocks have experienced significant adjustment. It is expected to remain oscillating without upward momentum. When investors' liquidity concerns and economic hard landing fears gradually ease, market focus will be transferred to the mainland's reform program in the second half. It is anticipated that after the Third Plenary Session of the 18th Communist Party of China Central Committee to be held this autumn, Mainland's policies will become clearer and the market is expected to resume its upward trend.

Liquidity, Financial Resources, Gearing and Capital Commitment

The Company's bank balances as of 30 June 2013 were US\$4,239,192 (31 December 2012: US\$5,783,179) after payment of US\$890,500 as special final dividend distribution to shareholders in June 2013. Apart from listed securities investments, cash were utilised for operating and administrative expenses.

The Company did not have any bank borrowing or capital commitment on its unlisted investments at the end of June 2013 and December 2012 respectively.

Exposure to Fluctuations in Exchange Rates and Related Hedges

Except for approximately RMB3.4 million receivables, NT\$17.7 million investment in unlisted securities and receivables and £3.5 million investment in listed securities, the Company's assets are denominated in US dollars and Hong Kong dollars. As long as the Hong Kong dollar continues its peg to the US dollar in the foreseeable future, the Company does not envisage any material exposure to exchange fluctuations. Accordingly, no hedging instruments were made nor transacted to cushion for such exposure.

The moderate appreciation of the RMB regime against the US dollar has a positive but negligible impact on the Company.



OTHER INFORMATION

Directors' Interests or Short Positions in Shares

As at 30 June 2013, none of the directors nor their associates had registered an interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations that was requested to be recorded pursuant to section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code").

Employees

Other than retaining a qualified accountant, the Company has no other employee. The Company continues to delegate the day-to-day administration of its investment portfolio to the Investment Manager.

Substantial Shareholders

As at 30 June 2013, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

Long positions in the ordinary shares of US\$0.10 each of the Company

Name	Capacity and nature of interest	Number of shares held	Percentage of total issued shares of the Company	Notes
Mr. Bart M. Schwartz	Receiver of Gabriel Capital, L.P. and Ariel Fund Limited	1,061,817	11.92%	(1)
Mr. J. Ezra Merkin	Held by controlled corporation	494,843	5.56%	(1)
Gabriel Capital Corporation	Held by controlled corporation	1,127,739	12.66%	(1)
Ariel Fund Limited	Beneficial owner	632,896	7.11%	(1)
Mr. Hsu Sheng-yu	Held by controlled corporation	1,063,040	11.94%	(2)
Chung Chia Co., Ltd.	Beneficial owner	590,743	6.63%	(2)
Kwang Shun Co., Ltd.	Beneficial owner	472,297	5.30%	(2)
Ms. Hsu Tsui-hua	Held by controlled corporation	590,743	6.63%	(3)
Ms. Chang Hsiu-yen	Held by controlled corporation	472,297	5.30%	(4)
Shanghai International Group Corporation Ltd.	Held by controlled corporation	495,000	5.56%	(5)
Shanghai International Trust Corporation Ltd.	Beneficial owner	495,000	5.56%	(5)
Ruentex Industries Ltd.	Beneficial owner and held by controlled corporation	592,752	6.66%	(6)
Ruentex Development Co., Ltd.	Beneficial owner and held by controlled corporation	563,752	6.33%	(7)

OTHER INFORMATION

Substantial Shareholders *(Cont'd)*

Notes:

- (1) On May 29, 2009, Mr. Bart M. Schwartz was appointed as the receiver of Gabriel Capital, L. P and Ariel Fund Limited, each of them were holding 431,659 shares and 636,998 shares of the Company, respectively. Mr. J. Ezra Merkin's indirect interests in the Company were reduced to 494,843 shares by virtue of his 100% control over Gabriel Capital Corporation. Besides, Gabriel Capital Corporation was also deemed to be indirectly interested in the Company through its management of Ariel Fund Limited.
- (2) Mr. Hsu Sheng-yu has an indirect interest in the Company through his 50% beneficial interest in each of Chung Chia Co., Ltd. and Kwang Shun Co., Ltd.
- (3) Ms. Hsu Tsui-hua has an indirect interest in the Company through her 50% beneficial interest in Chung Chia Co., Ltd.
- (4) Ms. Chang Hsiu-yen has an indirect interest in the Company through her 50% beneficial interest in Kwang Shun Co., Ltd.
- (5) Shanghai International Group Corporation Ltd. has an indirect interest in the Company through its approximately 66.33% equity interest in Shanghai International Trust Corporation Ltd.
- (6) Apart from a direct holding of 257,000 shares in the Company, Ruentex Industries Limited has an indirect interest in the Company through its 100% ownership in Full Shine Int'l Holdings Ltd..
- (7) Apart from a direct holding of 228,000 shares in the Company, Ruentex Development Co., Ltd. has an indirect interest in the Company through its 100% ownership in Ruentex Construction Int'l (BVI) Ltd..

Save as disclosed above, the Company has not been notified of any other interests or short positions representing 5% or more of the Company's issued share capital as at 30 June 2013.

Purchase, Redemption or Sale of Listed Securities of the Company

During the six months ended 30 June 2013, the Company did not purchase, redeem or sell any of the Company's listed securities.



OTHER INFORMATION

Corporate Governance Code

The Company is committed to maintaining sound corporate governance standards and procedures to ensure integrity, transparency and quality of disclosure to promote the ongoing development of the long term best interests of the Company and to enhance value for all its shareholders. The Board has established procedures on corporate governance that comply with the requirements of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules. The Board has reviewed and taken measures to adopt the CG Code as the Company's code of corporate governance practices. During the 6 months ended 30 June 2013, the Company has complied with the code provisions under the CG Code, save and except for the following:

Code A.4.1 which provides that non-executive directors should be appointed for a specific term and subject to re-election.

The Company's non-executive directors do not have a specific term of appointment. However, they are subject to retirement by rotation once every three years pursuant to the Company's Articles of Association.

Code A.6.7 which provides for independent non-executive directors and other non-executive directors to, inter alia, attend general meetings.

At the Company's last Annual General Meeting held on 26 April 2013, three non-executive directors were unable to attend due to respective important prior engagements at the relevant time.

Audit Committee

The Company has established an Audit Committee since July 1999 and has formulated its written terms of reference, which have from time to time been modified in accordance with the prevailing provisions of the CG Code. The Audit Committee currently comprises Mr. YICK Wing Fat, Simon (chairman), Mr. ONG Ka Thai, Dr. HUA Min and Mr. CHEN Chi-chuan, all of whom are non-executive directors, with three of them being independent. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The Audit Committee has reviewed the Company's unaudited interim financial statements for the six months ended 30 June 2013 and discussed with management in conjunction with the external auditors. The Audit Committee also meets with management of the Investment Manager to supervise the Company's matters on internal control, risk management and financial reporting process.

OTHER INFORMATION

Remuneration Committee

In compliance with the CG Code, the Company established its Remuneration Committee in March 2005 and comprises all three independent non-executive directors (“INEDs”), namely, Mr. ONG Ka Thai (chairman), Mr. YICK Wing Fat, Simon and Dr. HUA Min, and the two executive directors, namely, Dr. WANG Ching and Mr. WU Bin.

Nomination Committee

In compliance with the CG Code, the Company established its Nomination Committee in February 2012 and comprises all three INEDs, namely Dr. HUA Min (chairman), Mr. ONG Ka Thai and Mr. YICK Wing Fat, Simon.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as its code of conduct regarding directors’ securities transactions. In response to specific enquiry by the Company, all directors confirmed that they have complied with the Model Code throughout the six months ended 30 June 2013.

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

Hong Kong, 7 August 2013