

**SHANGHAI INTERNATIONAL
SHANGHAI GROWTH INVESTMENT LIMITED**

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

2012
Interim Report

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

Contents

	Page
Corporate Information	1
Report on Review of Interim Financial Information	2
Interim Condensed Statement of Comprehensive Income	3
Interim Condensed Statement of Financial Position	4
Interim Condensed Statement of Changes in Equity	5
Interim Condensed Statement of Cash Flows	7
Notes to Interim Condensed Financial Statements	8
Management Discussion and Analysis	23
Other Information	30

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:

1707 – 8, 17/F, Tower 1
New World Tower
16 – 18 Queen's Road Central
Hong Kong

In Shanghai:

Room G, 6/F
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, Umland House
Grand Cayman, KY1-1104
Cayman Islands

Principal Place of Business

1707 – 8, 17/F, Tower 1
New World Tower
16 – 18 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 3 to 22, which comprises the condensed statement of financial position of Shanghai International Shanghai Growth Investment Limited as at 30 June 2012 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

Hong Kong
14 August 2012

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME*For the six months ended 30 June 2012*

	Notes	Six months ended 30 June	
		2012 (Unaudited) US\$	2011 (Unaudited) US\$
INCOME AND GAIN/(LOSS) ON INVESTMENTS			
Interest income	14(a)(ii)	57,208	22,995
Dividend income		12,303	21,225
Net change in unrealized loss on financial assets at fair value through profit or loss		(2,332,284)	(580,293)
Net loss on disposal of available-for-sale investments		(30,250)	(141,138)
Realized gain on financial asset at fair value through profit or loss		1,536	–
		(2,291,487)	(677,211)
EXPENSES			
Investment manager's fees	14(a)(i)	(235,989)	(306,825)
Administrative expenses		(240,996)	(214,492)
		(476,985)	(521,317)
Income tax expenses	7	–	–
LOSS FOR THE PERIOD		(2,768,472)	(1,198,528)
OTHER COMPREHENSIVE INCOME			
Available-for-sale investments:			
Changes in fair value on available-for-sale investments		114,760	(629,914)
Reclassification adjustment for losses included in profit or loss upon disposal		30,250	141,138
Income tax effect		–	–
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		145,010	(488,776)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(2,623,462)	(1,687,304)
LOSS PER SHARE – BASIC AND DILUTED	9	(31.09 cents)	(13.46 cents)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

30 June 2012

		30 June 2012 (Unaudited) US\$	31 December 2011 (Audited) US\$
	<i>Notes</i>		
NON-CURRENT ASSETS			
Available-for-sale investments	10	1,582,333	1,437,760
Financial assets at fair value through profit or loss	11	11,867,716	–
Total non-current assets		13,450,049	1,437,760
CURRENT ASSETS			
Available-for-sale investments	10	549,000	500,000
Financial assets at fair value through profit or loss	11	–	14,200,000
Prepayments, deposits and other receivables	14(b)(ii)	868,524	909,202
Cash and bank balances		5,517,520	6,808,139
Total current assets		6,935,044	22,417,341
CURRENT LIABILITIES			
Accruals		89,828	44,637
Amount due to investment manager	14(b)(i)	4,963	6,200
Tax payable		210,000	210,000
Total current liabilities		304,791	260,837
NET CURRENT ASSETS		6,630,253	22,156,504
NET ASSETS		20,080,302	23,594,264
EQUITY			
Share capital	12	890,500	890,500
Reserves		19,189,802	21,813,264
Proposed dividend		–	890,500
Total equity		20,080,302	23,594,264
NET ASSET VALUE PER SHARE		2.25	2.65

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 June 2012*

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

* These reserve accounts comprise the reserve of US\$19,189,802 (31 December 2011: US\$21,813,264) in the interim condensed statement of financial position.

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

For the six months ended 30 June 2012

	Share capital US\$	Share premium US\$	Available- for-sale investments reevaluation reserve US\$	Capital reserve US\$	Retained profits/ (accumulated losses) US\$	Proposed dividend US\$	Total US\$
At 1 January 2011 (audited)	890,500	13,847,935	278,573	10,034,865	(2,908,813)	8,905,000	31,048,060
Loss for the period	-	-	-	-	(1,198,528)	-	(1,198,528)
Other comprehensive income for the period:							
Change in fair value on available-for-sale investments, net of tax (<i>Note a</i>)	-	-	(629,914)	-	-	-	(629,914)
Reclassification adjustment for loss included in profit or loss upon disposal of available-for-sale investments	-	-	141,138	-	-	-	141,138
Total comprehensive income for the period	-	-	(488,776)	-	(1,198,528)	-	(1,687,304)
Transfers to accumulated losses (<i>Note b</i>):							
Net loss on disposal of available-for-sale investments	-	-	-	(141,138)	141,138	-	-
Transfers from accumulated losses (<i>Note b</i>):							
Net unrealized loss on change in fair value of financial assets at fair value through profit or loss	-	-	-	(580,293)	580,293	-	-
2010 special final dividend paid	-	-	-	-	-	(8,905,000)	(8,905,000)
At 30 June 2011 (unaudited)	890,500	13,847,935	(210,203)	9,313,434	(3,385,910)	-	20,455,756

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) In prior years, as required by the Company's Memorandum and Articles of Association, gains and losses on realization and revaluation of investments should not be available for distribution as dividends. Those fair value gains/losses and impairments on investments recognized in profit or loss were transferred to the capital reserve in the period in which they arose.

Pursuant to the Company's Memorandum and Articles of Association amendment on 12 May 2011, profits arising from the realization 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. Accordingly, the Company transferred all the realized gains and losses on investments and impairments on available-for-sale investments included in capital reserve in the prior years to retained profits in the year 2011.

As at 30 June 2012 and 2011, the balance of the capital reserve represented the unrealized gain/loss of financial assets at fair value through profit or loss, which can be distributed as dividends only at the discretion of the board of directors, in accordance with the 12 May 2011 amendment to the Company's Memorandum and Articles of Association as described above.

INTERIM CONDENSED STATEMENT OF CASH FLOWS*For the six months ended 30 June 2012*

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	US\$	US\$
Net cash flows used in operating activities	(400,119)	(2,112,309)
Net cash flows used in financing activities	(890,500)	(8,905,000)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,290,619)	(11,017,309)
Cash and cash equivalents at 1 January	6,808,139	17,028,140
CASH AND CASH EQUIVALENTS AT 30 JUNE	5,517,520	6,010,831
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash at bank	5,517,520	6,010,831

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

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, Uglund 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 2012 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 2011, 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 2011.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

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 2011, except for the adoption of the following new and revised HKFRSs as of 1 January 2012, noted below:

HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – <i>Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i> ¹
HKFRS 7 (Amendment)	Amendment to HKFRS 7 <i>Financial Instruments: Disclosures – Transfers of Financial Assets</i> ¹
HKAS 12 Amendments	Amendments to HKAS 12 <i>Income Taxes – Deferred Tax: Recovery of Underlying Assets</i> ²

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2012

The adoption of the new and revised HKFRSs has had no significant financial effect on these interim condensed 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.

HKAS 1 Amendments	<i>Presentation of Financial Statements</i> ¹
HKAS 19 (2011)	<i>Employee Benefits</i> ²
HKAS 27 (2011)	<i>Separate Financial Statements</i> ²
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i> ²
HK (IFRIC) – Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i> ²
HKFRS 9	<i>Financial Instruments</i> ³
HKFRS 10	<i>Consolidated Financial Statements</i> ²
HKFRS 11	<i>Joint Arrangements</i> ²
HKFRS 12	<i>Disclosure of Interests in Other Entities</i> ²
HKFRS 13	<i>Fair Value Measurement</i> ²

¹ Effective for annual periods beginning on or after 1 July 2012

² Effective for annual periods beginning on or after 1 January 2013

³ 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. Other than HKFRS 9 and HKFRS 13, 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 INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

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 organized 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, including the performance of Global Market Group Limited ("GMG") for the six months ended 30 June 2012
- Unlisted securities – Investments in unlisted equity securities and redeemable convertible preference shares

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	Unlisted securities	Total
	US\$	US\$	US\$
<u>Six months ended 30 June 2012 (unaudited)</u>			
Segment results	(2,350,231)	1,536	(2,348,695)
Interest income			57,208
Unallocated expenses			(476,985)
Loss for the period			(2,768,472)
<u>Six months ended 30 June 2011 (unaudited)</u>			
Segment results	(119,913)	(580,293)	(700,206)
Interest income			22,995
Unallocated expenses			(521,317)
Loss for the period			(1,198,528)

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

5. OPERATING SEGMENT INFORMATION (Cont'd)

For the six months ended 30 June 2012, segment results represented the net gain/loss on disposal of listed and unlisted equity securities classified as available-for-sale investments, impairment loss recognized in respect of available-for-sale investments, net gain/loss on fair value of investments in redeemable convertible preference shares designated upon initial recognition 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 and administrative expenses 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 US\$	Unlisted securities US\$	Total US\$
At 30 June 2012 (unaudited)			
Available-for-sale investments	994,702	1,136,631	2,131,333
Financial assets at fair value through profit or loss	11,867,716	–	11,867,716
Total segment assets	12,862,418	1,136,631	13,999,049
Unallocated assets			6,386,044
Total assets			20,385,093
At 31 December 2011 (audited)			
Available-for-sale investments	915,216	1,022,544	1,937,760
Financial assets at fair value through profit or loss	–	14,200,000	14,200,000
Total segment assets	915,216	15,222,544	16,137,760
Unallocated assets			7,717,341
Total assets			23,855,101

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

All liabilities as at 30 June 2012 and 31 December 2011 are unallocated liabilities.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

6. GAIN OR LOSS ON INVESTMENTS

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

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS*For the six months ended 30 June 2012***6. GAIN OR LOSS ON INVESTMENTS (Cont'd)**

	Listed securities	Unlisted securities	Total
	US\$	US\$	US\$
<u>Six months ended 30 June 2011 (unaudited)</u>			
<i>Included in profit or loss:</i>			
Realized loss:			
Available-for-sale investments	(141,138)	–	(141,138)
Financial assets at fair value through profit or loss	–	–	–
	(141,138)	–	(141,138)
Unrealized loss:			
Financial assets at fair value through profit or loss	–	(580,293)	(580,293)
Total realized and unrealized loss included in profit or loss	(141,138)	(580,293)	(721,431)
<i>Included in other comprehensive income:</i>			
Unrealized loss:			
Available-for-sale investments	(225,327)	(404,587)	(629,914)
Total realized and unrealized loss for the period	(366,465)	(984,880)	(1,351,345)

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

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 2012 (six months ended 30 June 2011 (unaudited): Nil).

8. DIVIDEND

The directors did not recommend the payment of an interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011 (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\$2,768,472 (six months ended 30 June 2011 (unaudited): US\$1,198,528) and 8,905,000 (six months ended 30 June 2011 (unaudited): 8,905,000) ordinary shares in issue.

The Company had no potentially dilutive ordinary shares in issue during those six months periods ended 30 June 2012 and 2011.

10. AVAILABLE-FOR-SALE INVESTMENTS

	30 June 2012 (Unaudited) US\$	31 December 2011 (Audited) US\$
Non-current:		
Listed equity investments, at fair value:		
Hong Kong	(i) 994,702	915,216
Unlisted equity investments, at fair value:		
Taiwan	(ii) 587,631	522,544
	1,582,333	1,437,760
Current:		
Unlisted equity investments, at fair value:		
Mainland China	(iii), (iv) 549,000	500,000
	2,131,333	1,937,760

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

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 bid prices quoted in active markets.

During the six months ended 30 June 2012, the gross fair value gain in respect of the Company's available-for-sale investments recognized in other comprehensive income amounted to US\$114,760 (six months ended 30 June 2011 (unaudited): loss of US\$629,914), of which a loss of US\$30,250 (six months ended 30 June 2011 (unaudited): loss of US\$141,138) was reclassified from other comprehensive income to the profit or loss account upon disposal for the period.

- (ii) Unlisted shares of C-Media Electronics Inc., a company listed in Taiwan, were acquired by the Company under a private placement subscription on 11 May 2010. The Company is subject to a maximum three-year lock-up restriction under the rules of the relevant jurisdiction from that day.
- (iii) As at 30 June 2012, the Company's investments in unlisted equity securities included China Material Technology Limited ("CMT") with a carrying amount of US\$549,000 (31 December 2011 (audited): US\$500,000).

The Company's investment in CMT represented a 2.96% (31 December 2011: 2.96%) equity interest therein. A wholly-owned subsidiary of CMT ("CMT's subsidiary") engages in the supply of construction materials in the PRC. A shareholders' meeting of CMT was held on 1 June 2011 where shareholders had decided to accept an offer from an independent third-party company to purchase 74% equity interest in CMT's subsidiary based on its net asset value as at 31 March 2011. The sale proceeds are expected to be distributed before end of 2012 to the shareholders of CMT on a pro rata basis, according to their respective shareholding interest.

- (iv) As at 30 June 2012 and 31 December 2011, the Company's investments in unlisted equity securities included fully impaired equity securities of Shanghai Hua Xin High Biotechnology Inc. and Shanghai Xinpu Transportation Co., Ltd.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2012 (Unaudited) US\$	31 December 2011 (Audited) US\$
Non-current:		
Redeemable convertible preference shares		
– Global Market International Limited (“GMIL”)	–	–
Ordinary shares		
– GMG	11,867,716	–
Current:		
Redeemable convertible preference shares		
– GMG	–	14,200,000

The above financial assets at 30 June 2012 and 31 December 2011 were, upon initial recognition, designated by the Company as at fair value through profit or loss.

In March 2008, the Company acquired 1,530,769 Series B Preferred Shares in GMG for a total consideration of US\$5,000,000. In November 2009, the Company’s holding in GMG’s Series B Preferred Shares were enlarged to 38,269,225 shares resulted from a sub-division of GMG’s shares.

On 2 June 2010, the Company acquired 3,058,692 Series A Preferred Shares and additional 2,346,572 Series B Preferred Shares in GMG from other existing shareholders of GMG for a consideration of US\$847,458 settled by the special discretionary cash dividend received from GMG in June 2010. Both Series A and Series B Preferred Shares of GMG (“GMG Preferred Shares”) carried the same terms and conditions.

On 9 November 2010, the board of directors of GMG resolved a distribution of special dividend to GMG’s shareholders for acquiring the shares in its spun-off business entity, GMIL. The Company subscribed 169,334 Series A Preferred Shares and 2,248,553 Series B Preferred Shares in GMIL (“GMIL Preferred Shares”) for a total consideration of US\$580,293 settled by the special dividend received from GMG in November 2010. Both Series A and Series B GMIL Preferred Shares carried the same terms and conditions.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

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

Both GMG Preferred Shares and GMIL Preferred Shares are convertible into ordinary shares of GMG and GMIL respectively, at the option of the Company, and will be automatically converted into ordinary shares of GMG and GMIL upon listing on a recognized stock exchange, conditional of achieving a specified minimum amount of market capitalization. GMG Preferred Shares and GMIL Preferred Shares are redeemable by the Company after 31 December 2011 and 31 December 2013 respectively, at 100%, repayable over the subsequent three years, and will bear interest at 8% per annum from that respective redemption date.

GMG Preferred Shares were consolidated at a ratio of 5:1 and thereafter automatically converted into a total of 8,734,897 ordinary shares of GMG, representing 9.67% of GMG's total issued ordinary shares, immediately prior to the placing of GMG's newly issued ordinary shares and admission to trading on the Alternative Investment Market of London Stock Exchange on 22 June 2012. The value of GMG ordinary shares were recorded at closing price at 29 June 2012. The Company reclassified the investment in GMG to non-current asset at 30 June 2012, which is in line with the Company's long term appreciation investment strategy and also in view of the ultimate aim of GMG to be listed on the Hong Kong Stock Exchange in the future.

In view of net deficit financial position in GMIL, the fair value of GMIL Preferred Shares was zero as at 31 December 2011. Pursuant to a sale and purchase agreement dated 30 June 2012, the Company disposed all GMIL Preferred Shares at a consideration of US\$1,536 to another shareholder of GMIL. Sale proceeds are subsequently received on 11 July 2012.

12. SHARE CAPITAL

	30 June 2012 (Unaudited) US\$	31 December 2011 (Audited) US\$
Authorized:		
18,000,000 (2011: 18,000,000) ordinary shares of US\$0.1 each	1,800,000	1,800,000
Issued and fully paid:		
8,905,000 (2011: 8,905,000) ordinary shares of US\$0.1 each	890,500	890,500

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

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 2012 of US\$20,080,302 (31 December 2011 (audited): US\$23,594,264) and the number of ordinary shares of 8,905,000 in issue as at 30 June 2012 (31 December 2011 (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	
		2012	2011
		(Unaudited)	(Unaudited)
<i>Notes</i>		US\$	US\$
Investment management and administration fees charged by the investment manager	<i>(i)</i>	(235,989)	(306,825)
Interest income received from a shareholder of the Company	<i>(ii)</i>	50,025	–
		50,025	–

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

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 2012 exceeding 108% of the NAV of the Company as at 31 December 2011. The actual amount of special dividends paid out in 2012 shall be deducted from the NAV of the Company as at 31 December 2011 when calculating the growth of the NAV. In the event that the Company raises new capital in 2012, 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 2012. The incentive fee is calculated yearly and shall be payable to the Investment Manager within three months of its determination by the board of directors.

During the six months ended 30 June 2012, the Investment Manager was not entitled to receive an incentive fee in relation to the performance of the Company (six months ended 30 June 2011 (unaudited): Nil), in accordance with the incentive fee calculation of the Investment Management Agreements.

- (ii) The interest income was received from a shareholder of the Company as a result of the outstanding balance of US\$851,583 as at 31 December 2011, as detailed in note 14(b)(ii) to these interim condensed financial statements.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

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

- (b) Outstanding balances with related parties:
- (i) Amount due to the Investment Manager is unsecured, interest-free, and repayable on demand.
 - (ii) Included in prepayment, deposits and other receivables as at 31 December 2011 was an amount due from a shareholder of the Company of US\$851,583, which was fully repaid in April 2012.
- (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	
	2012	2011
	(Unaudited) US\$	(Unaudited) US\$
Directors' fees	23,204	23,131

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 amortized 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 INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

15. FAIR VALUE HIERARCHY (Cont'd)

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
30 June 2012 (unaudited)				
<i>Financial assets at fair value through profit or loss</i>				
Listed equity securities	11,867,716	–	–	11,867,716
<i>Available-for-sale investments</i>				
Listed equity securities	994,702	–	–	994,702
Unlisted equity securities	–	–	1,136,631	1,136,631
Total	12,862,418	–	1,136,631	13,999,049
31 December 2011 (audited)				
<i>Financial assets at fair value through profit or loss</i>				
Unlisted redeemable convertible preference shares	–	–	14,200,000	14,200,000
<i>Available-for-sale investments</i>				
Listed equity securities	915,216	–	–	915,216
Unlisted equity securities	–	–	1,022,544	1,022,544
Total	915,216	–	15,222,544	16,137,760

During the six months ended 30 June 2012, there were no transfers between Level 1 and Level 2 fair value measurements.

The Company did not have any financial liabilities measured at fair value as at 30 June 2012 and 31 December 2011.

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 transferred from Level 3 to Level 1 of the fair value hierarchy during the six months ended 30 June 2012.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

15. FAIR VALUE HIERARCHY *(Cont'd)*

Reconciliation of Level 3 fair value measurements of financial assets:

Financial assets at fair value through profit or loss

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	US\$	US\$
At 1 January	14,200,000	10,380,293
Net change in unrealized gain/(loss) recognized in interim condensed statement of comprehensive income	3,633,602	(580,293)
Transfer out to Level 1	(17,833,602)	–
At 30 June	–	9,800,000
Available-for-sale investments		
At 1 January	1,022,544	2,031,676
Net change in unrealized gain/(loss) unrealized in interim condensed statement of comprehensive income	114,087	(404,587)
At 30 June	1,136,631	1,627,089

16. APPROVAL OF INTERIM CONDENSED FINANCIAL STATEMENTS

The interim condensed financial statements were approved and authorized for issue by the Board of Directors of the Company on 14 August 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Company recorded an unaudited loss of US\$2,768,472 for the six months ended 30 June 2012, an increase of 131% year-on-year when compared with loss of US\$1,198,528 for the six months ended 30 June 2011. The increase in loss was mainly attributable to unrealized loss on fair value change in one of the Company's redeemable convertible preference shares investment, Global Market Group Limited ("GMG"), which became listed on a recognized stock exchange during the reporting period. Despite unstable global stock markets, the Company recorded dividend income of US\$12,303 (six months ended 30 June 2011: US\$21,225) from listed securities and realized losses of US\$30,250 (six months ended 30 June 2011: US\$141,138 loss) on disposal of listed securities for the six months ended 30 June 2012.

The Company's investment in GMG's redeemable convertible preference shares was converted into GMG ordinary shares immediately prior to their admission to trading on the Alternative Investment Market of the London Stock Exchange on 22 June 2012. The subsequent trading price of GMG suffered an approximately 33% drop due to unusual selling pressure. As a consequence, the Company recorded a US\$2.3 million unrealized loss on the change in fair value of this investment at the end of the reporting period.

The Company paid its shareholders a final dividend of US\$0.10 per share in June 2012. As at 30 June 2012, the Company's net asset value ("NAV") per share was US\$2.25 as compared with US\$2.65 at the end of 2011, such decrease was mainly due to the payment of final dividend and unrealized loss on fair value of GMG.

Economic Review

In the first half of 2012, the global economy experienced a weak recovery because of the continued international financial crisis. The world's major economies underwent an unstable period from April onward owing to the increased malaise sovereign debt problems that surfaced after the elections in various European countries. Greece's elections caused global markets worried about whether it would exit the Euro zone and ultimately led to the default on its debts. Spain, after a series of struggles, finally appealed to the European Union for help with its debt problems. The contagion of the European debt crisis was unstoppable. With all eyes focusing on Europe's future, the U.S. economy was not able to help much as it showed signs of a possible slow down.

MANAGEMENT DISCUSSION AND ANALYSIS

Economic Review (Cont'd)

China's economic growth indicated a gradually declining trend in the first half of the year. The Gross Domestic Product ("GDP") recorded an 8.1% growth year-on-year in the first quarter and 7.6% in the second quarter respectively; a 7.8% growth year-on-year for the first half.

In order to counter the economic slowdown, the People's Bank of China has lowered both banks' required reserve ratio and deposit and lending benchmark interest rate twice in the first half of the year, reflecting the determination of the Chinese government to tackle the issue. In addition to the implementation of the proactive fiscal policy, the expansion of monetary policy will further relax the credit policy, bringing liquidity to the economy. In the next few months, the required reserve ratio and interest rate are expected to be lowered further. With series of policy measures implemented, the economy is expected to stabilize and bottom out in the second half.

Relevant stock markets' performance in the first half of 2012

Indices	30 June 2012	31 December 2011	Change
Hang Seng Index	19,441.46	18,434.39	5.46%
Hang Seng China Enterprises Index	9,574.84	9,936.48	-3.64%
Hang Seng China-Affiliated Corporations Index	3,796.96	3,682.18	3.12%
Shanghai SE Composite Index	2,225.43	2,199.42	1.18%
Shenzhen SE Composite Index	921.41	866.65	6.32%
Taiwan Exchange Index	7,296.28	7,072.08	3.17%
Dow Jones Industrial Average Index	12,880.09	12,217.56	5.42%
Standard and Poor's 500 Index	1,362.16	1,257.60	8.31%
NASDAQ Composite Index	2,935.05	2,605.15	12.66%

Source: Bloomberg

MANAGEMENT DISCUSSION AND ANALYSIS

Investment Review

Portfolio Allocation

	30 June 2012	31 December 2011
Listed investments	64%	4%
Unlisted investments	6%	64%
Cash and net receivables	30%	32%
Total	100%	100%

Listed Investments Review

In the first quarter of the year, Hang Seng Index recorded a gain of 11.5%. However, with continued deterioration of the debt crisis in Europe, as well as a slowdown in the Mainland's economy, the stock market has fallen since May. For the first half of 2012, the Hang Seng Index rose 5.46%. The Company's listed securities portfolio, comprising Hong Kong listed securities, recorded a gain of 0.44% over the same period.

Unlisted Investments Review

The Investment Manger studied a number of potential projects in the first half of 2012 in various sectors such as garment, footwear, medical, e-business, clean power, high-tech etc.; some of which due diligence had been carried out, but no new investment project has yet to be consummated.

In June 2012, one of the Company's unlisted investments, GMG, became listed and its shares are since traded on the Alternative Investment Market of the London Stock Exchange. GMG succeeded in raising new capital at a reasonable valuation, however, its subsequent share price dropped significantly due to an unusual selling pressure in the first week of trading, which led to a drop in fair value of the Company's holding in GMG. Besides, the Company's investment in the previously spun-off business of GMG was also disposed of at the end of June.

MANAGEMENT DISCUSSION AND ANALYSIS

Unlisted Investments Review *(Cont'd)*

China Material Technology Limited ("CMT")

The Company invested US\$2.5 million in CMT in 2007 and is currently interested in 2.96% of its equity interest. South Polar Lights Steel (Shanghai) Co. Ltd. ("SPLS"), a wholly-owned subsidiary of CMT, is engaged in the production and sales of hot-rolled galvanized steel. This investment has since been impaired and stated at a fair value of US\$500,000 at the end of December 2011.

At end of 2010, shareholders of CMT decided on a disposal plan of SPLS. A share transfer agreement had been reached with a third-party company in May 2011 in which CMT agreed to sell its majority equity interest in SPLS to the third-party company. The share transfer procedure and relevant settlement are currently in progress. Pursuant to a CMT shareholders' meeting held in June 2012, it was decided that CMT will go into liquidation after receipt of the sale proceeds and distribution of its assets to its shareholders. It was determined that the Company would recover US\$549,000 from CMT's distribution, which represented the fair value of the Company's investment in CMT at 30 June 2012.

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 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.

On 30 June 2012, the fair value in this private placement investment was US\$587,631, reflecting an unrealized fair value gain of US\$65,087 compared with that at end of December 2011. C-Media is currently actively expanding into new businesses in LED development. The Investment Manager will monitor closely and evaluate its operating conditions with the development of this new business.

MANAGEMENT DISCUSSION AND ANALYSIS

Unlisted Investments Review *(Cont'd)*

Global Market Group Limited ("GMG")

In March 2008, the Company acquired 1,530,769 Series B Preferred Shares in GMG ("GMG Preferred Shares") for a consideration of US\$5 million. In November 2009, the GMG Preferred Shares were enlarged to 38,269,225 shares subsequent to a sub-division of GMG's shares. 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 recorded strong growth with excellent results in 2011 and succeeded in bringing in solid investors. The fair valuation of the Company's holding of GMG has increased to US\$14.2 million as at 31 December 2011. Despite a temporary suspension of GMG's listing plan due to unfavourable market conditions in the first quarter of 2011, GMG continued to pursue its listing plan in the reporting period.

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 were converted into a total of 8,734,897 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 pressure, subsequent trading prices of GMG ordinary shares suffered an approximately 33% drop, though recorded with thin trading volume. As a result, the fair value of the Company's investment in GMG at end of June 2012, which was marked to market trading price, decreased by US\$2.3 million compared with that as at 31 December 2011. Despite an unrealized loss of US\$2.3 million recorded in the reporting period, the Company is confident of GMG's fundamental strength and earnings growth potential.

MANAGEMENT DISCUSSION AND ANALYSIS

Unlisted Investments Review (Cont'd)

Global Market International Limited ("GMIL")

GMIL is an investment holding company incorporated in the Cayman Islands whose principal activities are in logistics and M2C businesses that had been spun off from GMG in September 2010. The shareholding structure of GMIL is identical to that of GMG, who had declared dividends to its shareholders for subscription of shares in GMIL.

The Company was allotted 2,417,887 shares in Series A and B Preferred Shares in GMIL, amounting to US\$580,293, by way of re-investment of dividends distributed from GMG, representing a 9.67% equity interest in GMIL.

In view of continued loss-making of GMIL, the Company considered that it will be difficult in the medium term for GMIL to generate sufficient profit and net cash inflow to set off accumulated losses, the fair value of this investment was zero at end of December 2011. On 30 June 2012, the Company entered into a share repurchase agreement with the key shareholder of GMIL to dispose of all the Company's shares in GMIL at a consideration of US\$1,536. The sale transaction was completed on 11 July 2012 with the receipt of sale proceeds.

Prospects

Current valuation of the Hong Kong market is close to its historical low. Looking forward, Hong Kong market is expected to be able to weather external storms with a series of favourable Mainland policies progressively coming into effect. As such, the valuation of the market may go back to an ordinary level. However, sustainability of such rebound is expected to be limited by diminishing marginal benefits of policy effects. Europe's debt crisis is still one of the major obstacles for the world's stock markets in the second half. New round of external adversities and a lack of positive fundamental surprises may cause markets to weaken again. The Company will continue with a defensive trading strategy to secure profits in a volatile market with focus on sectors that are expected to benefit from China's national policy, such as infrastructure and domestic consumption.

MANAGEMENT DISCUSSION AND ANALYSIS

Prospects *(Cont'd)*

As for unlisted securities, the Investment Manager intends to pursue suitable opportunities in exiting existing investee companies while continue to seek for potential private equity opportunities with particular focus on consumer, internet, innovation manufacturing sectors etc. However, due to the more difficult recent business environment for Chinese small and medium enterprises, together with frequent scandals of civilian-run enterprises on financial integrity and corporate governance, the Investment Manager will be more stringent on its choice of target companies and conduct more detailed due diligence procedures, with the intention to invest into quality companies with reasonable valuation, solid financial figures and attractive growth potential.

Liquidity, Financial Resources, Gearing and Capital Commitment

The Company's bank balances as of 30 June 2012 were US\$5,517,520 (31 December 2011: US\$6,808,139) after payment of US\$890,500 as dividend distribution to shareholders in June 2012. Apart from listed securities investments, cash were utilized 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 2012 and December 2011 respectively.

Exposure to Fluctuations in Exchange Rates and Related Hedges

Except for approximately RMB5.3 million receivables, NTD17.2 million investments in unlisted securities and receivables, £7.5 million investment in listed securities, the majority of 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 2012, 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 2012, 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 428,921 shares and 632,896 shares of the Company, respectively. Mr. J. Erza 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 interests 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 2012.

OTHER INFORMATION

Purchase, Sale Or Redemption of Listed Securities of the Company

During the six months ended 30 June 2012, the Company did not purchase, redeem or sell any of the Company's listed securities.

Audit Committee

The Company has established an Audit Committee since 1999, which 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.

The Audit Committee has reviewed the Company's unaudited interim financial statements for the six months ended 30 June 2012 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.

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding directors' securities transactions. Specific confirmation has been obtained from all directors confirming their respective compliance with the Model Code during the six months ended 30 June 2012.

OTHER INFORMATION

Code on Corporate Governances

The Company continues to improve its corporate governance practices and has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules for the six months ended 30 June 2012.

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

Hong Kong, 14 August 2012