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If you have sold or transferred all your shares in Shanghai International Shanghai Growth Investment Limited, you should at once hand this circular and the enclosed form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**SHANGHAI INTERNATIONAL
SHANGHAI GROWTH INVESTMENT LIMITED**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 770)

**(1) GENERAL MANDATES FOR REPURCHASE BY
THE COMPANY OF ITS OWN SHARES AND FOR ISSUE OF SHARES,
(2) RE-ELECTION OF RETIRING DIRECTORS,
(3) NON-EXEMPT CONTINUING CONNECTED TRANSACTION, AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**

ALTUS CAPITAL LIMITED

The purpose of this document is to provide you with information regarding resolutions to be proposed at the 2020 AGM to be held at the Ball Room, 1/F, South Pacific Hotel, 23 Morrison Hill Road, Wanchai, Hong Kong on Friday, 22 May 2020 at 10:30 a.m.. These include resolutions relating to the general mandates for repurchase by the Company of its own shares and for the issue of shares, re-election of retiring Directors and non-exempt continuing connected transaction.

If you are unable to attend the 2020 AGM in person, you are requested to complete and return the form of proxy enclosed with this circular in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the 2020 AGM or any adjournment thereof. Completion and return of the proxy form will not preclude any member from attending and voting in person at the Meeting or any adjournment thereof.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Annual General Meeting” or “Meeting” or “2020 AGM”	the annual general meeting of the Company to be held at the Ball Room, 1/F, South Pacific Hotel, 23 Morrison Hill Road, Wanchai, Hong Kong on Friday, 22 May 2020 at 10:30 a.m., for the purpose of considering and if thought fit, approving, inter alia, the resolutions proposed in the notice of 2020 AGM
“Articles”	the articles of association of the Company, as amended from time to time
“associate”	as defined in Rule 14A.06(2) of the Listing Rules
“Board”	the board of Directors
“Calculation Year”	any year in which the Incentive Fee is being calculated
“Common Directors”	Dr. WANG Ching, Mr. WU Bin, Mr. LU Xuefang and Mr. NI Jianwei, each being a Director of the Company and a director of the Investment Manager
“Company”	Shanghai International Shanghai Growth Investment Limited, an exempted company incorporated in the Cayman Islands with limited liability and a company listed on the Main Board of the Stock Exchange (stock code: 770)
“Continuing Connected Transaction”	the provision of the Investment Management Services, being a connected transaction between the Company and the Investment Manager, on a continuing basis, pursuant to the terms of the Investment Management Agreement
“Directors”	the director(s) of the Company
“Dividend Amount”	for the purposes of calculating the High Water Mark in a particular Calculation Year, the aggregate amount of all dividends actually paid by the Company during the period commencing on the day following the end of the High Water Mark Year and ending on (and including) the date on which such Calculation Year ends
“Eighth Supplemental Agreement”	the eighth supplemental agreement dated 23 March 2017 entered into between the Company and the Investment Manager

DEFINITIONS

“EPIL”	Easy Path Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Fifth Supplemental Agreement”	the fifth supplemental agreement dated 28 March 2008 entered into between the Company and the Investment Manager
“Fourth Supplemental Agreement”	the fourth supplemental agreement dated 11 April 2005 entered into between the Company and the Investment Manager
“Greater China Region”	the region consisting of the PRC (including Hong Kong and the Macau Special Administrative Region) and the Republic of China (Taiwan)
“High Water Mark”	the highest Net Asset Value as at 31 December in any year from the year ended 31 December 2016 (in which the Incentive Fee was accrued) other than the applicable Calculation Year, less the Dividend Amount
“High Water Mark Year”	the year ended 31 December in which the highest Net Asset Value of the Company to date has been reached and in which the Incentive Fee has been accrued
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Incentive Fee”	an incentive fee payable by the Company to the Investment Manager pursuant to clause 7.02 of the Investment Management Agreement
“Independent Board Committee”	the independent board committee of the Company constituted for the purpose of the Continuing Connected Transaction, comprising the three Independent Non-executive Directors
“Independent Financial Adviser”	Altus Capital Limited, a corporation licensed by the SFC to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transaction and the New Caps pertaining to the Investment Management Agreement (as amended by the Ninth Supplemental Agreement)

DEFINITIONS

“Independent Shareholder(s)”	the Shareholder(s) who do not have a material interest in the Continuing Connected Transaction, and for the purpose of this circular, all Shareholders other than SIICL and its associates
“INED(s)” or “Independent Non-executive Directors”	independent non-executive director(s) of the Company
“Investment Committee”	the investment committee for the time being of the Company established pursuant to article 109A(a) of the Articles
“Investment Management Agreement”	the investment management and administration agreement dated 12 November 1993 entered into between the Company and the Investment Manager, as amended and supplemented by the Supplemental Agreement, the Second Supplemental Agreement, the Third Supplemental Agreement, the Fourth Supplemental Agreement, the Fifth Supplemental Agreement, the Sixth Supplemental Agreement, the Seventh Supplemental Agreement, the Eighth Supplemental Agreement and if approved and appropriate, the Ninth Supplemental Agreement
“Investment Management Services”	the provision of investment management services by the Investment Manager in relation to the investment, realisation and reinvestment of assets and rights of the Company and services of the Investment Manager in relation to the administration of the Company, pursuant to the Investment Management Agreement
“Investment Manager”	Shanghai International Asset Management (Hong Kong) Company Limited, a company incorporated in Hong Kong and licensed with the SFC to carry on type 4 (advising on securities) and type 9 (asset management) regulated activities
“Latest Practicable Date”	31 March 2020, being the latest practicable date for ascertaining certain information referred to in this circular prior to the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented and/or otherwise modified from time to time
“M&A”	the Memorandum and Articles of Association of the Company, as amended from time to time
“Management and Administration Fee”	annual aggregate management and administration fee payable by the Company to the Investment Manager pursuant to clause 7.01 of the Investment Management Agreement

DEFINITIONS

“Net Asset Value”	the net asset value of the Company from time to time as calculated in accordance with the provisions of the Articles
“New Cap(s)”	the maximum total fees, consisting of the Management and Administration Fee and the Incentive Fee, payable to the Investment Manager pursuant to clauses 7.01 and 7.02 of the Investment Management Agreement for each of the periods stipulated in clause 7.03A of the Investment Management Agreement, as amended by the Ninth Supplemental Agreement
“Ninth Supplemental Agreement”	the ninth supplemental agreement dated 17 March 2020 entered into between the Company and the Investment Manager
“Notice of Annual General Meeting”	the notice convening the 2020 AGM as set out on pages 58 to 62 of this circular
“PRC”	the People’s Republic of China, and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and the Republic of China (Taiwan)
“Quarter Day”	31 March, 30 June, 30 September and 31 December in each year
“Second Supplemental Agreement”	the second supplemental agreement dated 12 September 2001 entered into between the Company and the Investment Manager
“Seventh Supplemental Agreement”	the seventh supplemental agreement dated 19 March 2014 entered into between the Company and the Investment Manager
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented and/or otherwise modified from time to time
“Share(s)”	ordinary share(s) of US\$0.10 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Share Issue Mandate”	the general mandate to issue, allot and deal with Shares not exceeding 20% of the total number of issued Shares of the Company as at the date of passing of the resolution approving the Share Issue Mandate

DEFINITIONS

“Share Repurchase Mandate”	the general mandate to exercise the power of the Company to repurchase Shares on the Stock Exchange up to a maximum of 10% of the total number of issued Shares of the Company as at the date of the resolution approving the Share Repurchase Mandate
“SIICL”	Shanghai Industrial Investment (Holdings) Company Limited, a company incorporated in Hong Kong and a substantial shareholder (as defined in the Listing Rules) of the Company
“Sixth Supplemental Agreement”	the sixth supplemental agreement dated 28 March 2011 entered into between the Company and the Investment Manager
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 22 January 2001 entered into between the Company and the Investment Manager
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs approved by the SFC, as amended from time to time
“TEIL”	Triumph Ever Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Third Supplemental Agreement”	the third supplemental agreement dated 3 November 2003 entered into between the Company and the Investment Manager
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

Note: For illustration purposes in this circular, unless indicated otherwise, the translation of US\$ into HK\$ is based on exchange rate of US\$1.00 to HK\$7.80.

LETTER FROM THE BOARD OF DIRECTORS

**SHANGHAI INTERNATIONAL
SHANGHAI GROWTH INVESTMENT LIMITED**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 770)

Executive Directors:

WANG Ching

WU Bin

Independent Non-executive Directors:

HUA Min

ONG Ka Thai

YICK Wing Fat Simon

Non-executive Directors:

FENG Huang

LU Xuefang

NI Jianwei

Registered Address:

P.O. Box 309

Ugland House

Grand Cayman KY1-1104

Cayman Islands

Principal place of business:

Room 1501, 15/F

Shanghai Industrial Investment Building

48-62 Hennessy Road

Wanchai

Hong Kong

3 April 2020

To the Shareholders

Dear Sir or Madam,

**(1) GENERAL MANDATES FOR REPURCHASE BY
THE COMPANY OF ITS OWN SHARES AND FOR ISSUE OF SHARES,
(2) RE-ELECTION OF RETIRING DIRECTORS,
(3) NON-EXEMPT CONTINUING CONNECTED TRANSACTION, AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information in connection with the convening of the 2020 AGM and explanation in connection with the matters to be dealt with at the 2020 AGM or any adjournment thereof.

In accordance with the relevant requirements under the Listing Rules and the Articles, each of the resolutions set out in the Notice of Annual General Meeting shall be voted on by poll at the 2020 AGM. These include resolutions to (i) grant to the Directors the Share Repurchase Mandate and the Share Issue Mandate to repurchase and issue Shares; (ii) extend the Share Issue Mandate to issue the number of Shares repurchased; (iii) re-elect the retiring Directors; and (iv) approve the Investment Management Agreement (as amended by the Ninth Supplemental Agreement) and the Continuing Connected Transaction contemplated thereunder.

LETTER FROM THE BOARD OF DIRECTORS

In compliance with the Listing Rules, this circular provides all the information reasonably necessary to enable the Shareholders to make informed decisions on whether to vote for or against the resolutions approving the granting to the Directors of the Share Repurchase Mandate and the Share Issue Mandate to repurchase and issue Shares, the re-election of the retiring Directors and the amendment of the Investment Management Agreement (pursuant to the terms of the Ninth Supplemental Agreement) and the Continuing Connected Transaction contemplated thereunder.

2. GENERAL MANDATE TO REPURCHASE SHARES

At the last annual general meeting of the Company held on 27 May 2019, the Directors were granted by approval of Shareholders a general mandate to repurchase Shares on the Stock Exchange. The existing mandate will expire at the conclusion of the 2020 AGM. At the 2020 AGM, an ordinary resolution will be proposed to grant to the Directors a general and unconditional mandate to exercise all the powers of the Company to repurchase issued Shares subject to the criteria set out in this circular. In particular, Shareholders should note that the maximum number of Shares that may be repurchased pursuant to the Share Repurchase Mandate will be such number which represents 10% of the total number of issued Shares as at the date of passing of the resolution subject to the Listing Rules. The Share Repurchase Mandate will end at the conclusion of the next annual general meeting of the Company unless it is renewed at such meeting or until revoked or varied by ordinary resolution of the Shareholders in general meeting prior to the next annual general meeting.

As at the Latest Practicable Date, the issued share capital of the Company comprised 10,686,000 Shares, of which approximately 54.30% are held by the “public” (as the term is defined in the Listing Rules) and form part of the public float of the Company. Assuming that there is no change in the issued share capital of the Company between the period from the Latest Practicable Date and the date of passing the resolution approving the Share Repurchase Mandate, the maximum number of Shares which may be repurchased pursuant to the Share Repurchase Mandate on the date of passing the resolution approving the Share Repurchase Mandate will be 1,068,600 Shares.

In the event that the Share Repurchase Mandate is exercised by the Company in full, and the shareholding of the substantial shareholders (as the term is defined in the Listing Rules) of the Company remain the same, then the public float of the Company will be reduced to approximately 49.23% of the issued share capital of the Company.

While the Directors have no present intention to initiate a Share repurchase program, the flexibility granted by the Share Repurchase Mandate will enable the Company to repurchase Shares if Shares continue to trade at a significant discount to their underlying value.

An explanatory statement containing all the information necessary to enable the Shareholders to make an informed decision on whether to vote for or against the Share Repurchase Mandate as required by the Listing Rules is set out in Appendix I to this circular. Save as disclosed above, the Company did not obtain any other general mandate to repurchase Shares in the past 12 months.

LETTER FROM THE BOARD OF DIRECTORS

3. GENERAL MANDATE TO ISSUE SHARES

At the last annual general meeting of the Company held on 27 May 2019, the Directors were granted by approval of Shareholders a general mandate to allot and issue Shares. The existing mandate will expire at the conclusion of the 2020 AGM. At the 2020 AGM, an ordinary resolution will be proposed to grant to the Directors a general and unconditional mandate to allot, issue and deal with Shares representing up to 20% of the total number of issued Shares as at the date of passing of the resolution.

As at the Latest Practicable Date, the issued share capital of the Company comprised 10,686,000 Shares. Assuming that there is no change in the issued share capital of the Company between the period from the Latest Practicable Date and the date of passing the resolution approving the Share Issue Mandate, the maximum number of Shares which may be issued pursuant to the Share Issue Mandate on the date of passing the resolution approving the Share Issue Mandate will be 2,137,200 Shares.

The purpose of the general mandate is to ensure the Directors have the flexibility to issue additional Shares should the need ever arise, or if there is a suitable opportunity to broaden the Company's capital base and strengthen its capital position to effectively support business development initiatives.

The Directors acknowledge the concern of minority Shareholders with respect to the possible dilution of their shareholding interest resulting from the exercise of the Share Issue Mandate, and reaffirmed its commitment to only use the mandate in the interest of all Shareholders. Should the Board consider an issuance of Shares, the Board will clearly communicate the rationale behind that decision and ensure it is fair and reasonable, and in the interest of the Shareholders as a whole.

The Directors have no present intention to issue any new Shares pursuant to the Share Issue Mandate. Save as disclosed above, the Company did not obtain any other general mandate or special mandate to issue securities in the past 12 months.

In accordance with the Listing Rules, the Company may not make a new issue of Shares or announce a proposed new issue of Shares for a period of 30 days after any purchase by it of Shares without prior approval of the Stock Exchange. The Share Issue Mandate may only continue in force during the period ending on the earlier of the date of the next annual general meeting of the Company or the date upon which such authority is revoked or varied by ordinary resolution of the Shareholders in a general meeting of the Company.

4. EXTENSION OF SHARE ISSUE MANDATE

Conditional upon the passing of resolutions to grant the Share Issue Mandate and the Share Repurchase Mandate, an ordinary resolution will be proposed at the 2020 AGM to extend the Share Issue Mandate by the addition to the aggregate number of issued Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate number of Shares repurchased by the Company pursuant to the Share Repurchase Mandate, provided that such extended amount shall not exceed 10% of the aggregate of the total number of issued Shares in issue on the date of passing the resolution for the Share Issue Mandate.

LETTER FROM THE BOARD OF DIRECTORS

5. RE-ELECTION OF RETIRING DIRECTORS

Pursuant to articles 98(b) and 98(c) of the Articles and code provisions in Appendix 14 of the Listing Rules, Dr. WANG Ching, Mr. NI Jianwei and Mr. ONG Ka Thai (collectively, the “**Retiring Directors**”) shall retire by rotation at the 2020 AGM, and being eligible, offer themselves for re-election at the 2020 AGM.

Biographical details of each of these Retiring Directors proposed to be re-elected at the 2020 AGM are set out in Appendix III to this circular.

The re-election of Directors has been reviewed by the Nomination Committee of the Company (the “**Nomination Committee**”) which made recommendation to the Board that the re-election be proposed for Shareholders’ approval at the 2020 AGM.

Assessment of independence of INEDs

The Nomination Committee has also assessed the independence of all INEDs, in particular, Dr. HUA Min, Mr. ONG Ka Thai and Mr. YICK Wing Fat Simon who have served the Board for more than 9 years. All the INEDs satisfy the independence guidelines set out in Rule 3.13 of the Listing Rules.

Dr. HUA Min has been an INED since September 2004. During the period from 1990 to January 2018, he was an advisor for doctoral candidates at Fudan University, and later was the Chief of Academic Committee of economic school Fudan University. He had been teaching and conducting research in world economics, China economics and finance at Fudan University. Dr. Hua is currently an independent non-executive director of Da Ming International Holdings Limited, a company listed on the Stock Exchange.

Mr. ONG Ka Thai has been an INED since June 1997. He is currently the chairman of various companies including Ong Pacific (H.K.) Ltd., Ong Pacific Capital Ltd., Ong First Tradition Holdings Pte. Ltd., Ong Commodities Pte. Ltd. and Ong Pacific Pte. Ltd.. He is also the Senior Advisor to AIGF (ASEAN Industrial Growth Fund), a private equity fund that is co-managed by Mitsubishi Corporation, CIMB Group and Development Bank of Japan Inc.. Mr. Ong had served as CEO for a number of multinational joint ventures. He was an independent non-executive director of Singamas Container Holdings Ltd. for 20 years, a company listed on the Stock Exchange. Mr. Ong was previously an independent non-executive director of China Bohai Bank Limited. All of these companies are third parties independent of the Company and its connected persons. Mr. Ong has over 43 years of experience in manufacturing, corporate and trade finance, regional equity, futures and commodities trading, investment banking and corporate advisory services, as well as direct and private equity investments.

LETTER FROM THE BOARD OF DIRECTORS

Mr. YICK Wing Fat Simon has been an INED since July 1999. He is a fellow of the Hong Kong Institute of Certified Public Accountants and the Chartered Association of Certified Accountants in England. Mr. Yick has over 37 years of experience in audit, direct investment, investment banking and corporate advisory services. Mr. Yick also serves as an independent non-executive director and chairman of the audit committee of Shenzhen Neptunus Interlong Bio-technique Co., Ltd. and China Singyes Solar Technologies Holdings Limited, and an independent non-executive director, chairman of the remuneration and nomination committee and a member of the audit and compliance committee of Nexteer Automotive Group Limited (these companies are listed on the Stock Exchange). Since October 2019, Mr. Yick has been appointed independent non-executive director, chairman of the audit committee and the remuneration committee and a member of nomination committee of Modern Media Holdings Limited, which is listed on the Stock Exchange. Mr. Yick is also an independent non-executive director, convener of the remuneration and assessment committee and a member of the strategy committee of Chengdu Xingrong Environment Co, Ltd., a company listed on the Shenzhen stock exchange. These companies are third parties independent of the Company and its connected persons.

The Nomination Committee believes that extensive knowledge and experience of these INEDs in the Company's business will continue to generate valuable contribution to the Board, the Company and the Shareholders as a whole. The Nomination Committee also believes that each of the INEDs has demonstrated their ability to provide an independent view on the Company's matters notwithstanding the length of their service on the Board. None of these INEDs are involved in the daily management of the Company nor are there any relationships or circumstances which would interfere with the exercise of their independent judgment and ability to provide independent, balanced and objective view to the affairs of the Company. Each of the INEDs has provided an annual written confirmation of their independence to the Company.

6. NON-EXEMPT CONTINUING CONNECTED TRANSACTION

Reference is made to the Company's announcement dated 17 March 2020.

A. Background

The Company has entered into the Ninth Supplemental Agreement to the Investment Management Agreement with the Investment Manager on 17 March 2020 pursuant to which the parties have agreed to, *inter alia*, amend and extend the term of appointment of the Investment Manager and amend the provisions in relation to the remuneration payable to Investment Manager by the Company under the Investment Management Agreement.

The Independent Shareholders will be asked to consider and, if thought fit, approve the Investment Management Agreement (as amended by the Ninth Supplemental Agreement) and the Continuing Connected Transaction contemplated thereunder by poll at the 2020 AGM.

LETTER FROM THE BOARD OF DIRECTORS

B. The Investment Management Agreement

On 12 November 1993, the Company and the Investment Manager entered into the Investment Management Agreement pursuant to which the Investment Manager agreed to provide the Investment Management Services to the Company. The Investment Manager's duties and responsibilities under the Investment Manager Agreement include, *inter alia*:

- (i) managing, subject to the overall supervision of the Directors, the investment and reinvestment of the assets of the Company in order to achieve the investment objectives and policies of the Company;
- (ii) evaluating investment opportunities, implementing investment and realisation decisions, monitoring and supervising investments and preparing valuations of the Company's investments; and
- (iii) managing the corporate affairs of the Company and dealing with its day-to-day administration, including preparation of the annual and semi-annual statements on the performance of the Company's investments for inclusion in the Company's annual and semi-annual reports.

Under clause 7.01 of the Investment Management Agreement (as last amended by the Eighth Supplemental Agreement), the Company agreed to pay the Investment Manager a Management and Administration Fee (calculated and to be paid in US\$ quarterly in advance) in the amount of 0.5% per quarter of the Net Asset Value (calculated before deduction of the fees payable to the Investment Manager and the Company's investment adviser and custodian for that quarter) which is calculated on each Quarter Day.

Pursuant to 7.02 of the Investment Management Agreement (as last amended by the Eighth Supplemental Agreement), the Investment Manager is also entitled to receive from the Company an Incentive Fee equal to twenty per cent (20%) of the amount by which the Net Asset Value as at 31 December in the Calculation Year exceeds the High Water Mark. In calculating the Incentive Fee for a particular Calculation Year, any consideration received by the Company on a new issue of shares of the Company during the period commencing on the day following the end of the High Water Mark Year and ending on (and including) the date on which such Calculation Year ends shall be deducted from, and any consideration paid by the Company for any shares of the Company repurchased during the period commencing on the day following the end of the High Water Mark Year and ending on (and including) the date on which such Calculation Year ends shall be added back to, the Net Asset Value as at 31 December in such Calculation Year.

The Investment Management Agreement (as last amended by the Eighth Supplemental Agreement) has a term of three years from 1 July 2017 to 30 June 2020 and is terminable by the Company (by resolution of the Board) or the Investment Manager, in each case by giving the other not less than two months' prior written notice.

LETTER FROM THE BOARD OF DIRECTORS

Previous amendments to the Investment Management Agreement

Since the entering into the Investment Management Agreement, the Company and the Investment Manger have entered into the following supplemental agreements to amend and/or supplement the terms of the Investment Management Agreement (including to extend the term of the Investment Management Agreement on or prior to its expiry):

	Date of the supplemental agreement	Amended term of the Investment Management Agreement	Duration
The Supplemental Agreement	22 January 2001	1 January 2001 to 31 December 2005	Five years
The Second Supplemental Agreement	12 September 2001	No amendment to the duration of the Supplemental Agreement	Not applicable
The Third Supplemental Agreement	3 November 2003	No amendment to the duration of the Supplemental Agreement	Not applicable
The Fourth Supplemental Agreement	11 April 2005	1 July 2005 to 30 June 2008	Three years
The Fifth Supplemental Agreement	28 March 2008	1 July 2008 to 30 June 2011	Three years
The Sixth Supplemental Agreement	28 March 2011	1 July 2011 to 30 June 2014	Three years
The Seventh Supplemental Agreement	19 March 2014	1 July 2014 to 30 June 2017	Three years
The Eighth Supplemental Agreement	23 March 2017	1 July 2017 to 30 June 2020	Three years

Calculation of the Incentive Fee

The method of calculating the remuneration payable to the Investment Manager pursuant to the Investment Management Agreement has been amended pursuant to the supplemental agreements set out above.

At the time when the Investment Management Agreement on 12 November 1993 was entered, the principal terms relevant to the calculation of the Incentive Fee payable to the Investment Manager were as follows:

- (i) **amount of Incentive Fee payable:** 15% of the amount by which that portion of the net asset value (comprising assets which represent unlisted securities or interests) as at 31 December of each year exceeds one hundred and fifteen per cent (115%) of that portion of the net asset value (comprising assets which represent unlisted securities or interests) as at 31 December of the immediately preceding year;

LETTER FROM THE BOARD OF DIRECTORS

- (ii) **minimum threshold (“Threshold”) for Incentive Fee to be payable:** no Incentive Fee shall be payable to the Investment Manager if the net asset value per Share (being the net asset value as at 31 December of the relevant year divided by the number of Shares in issue at such date) is less than US\$10.00 which was the initial subscription price of each Share when the Company was listed in 1993; and
- (iii) there was no maximum threshold for the total amount of remuneration (including Management and Administration Fee and Incentive Fee) (“**Cap**”) payable by the Company to the Investment Manager under the Investment Management Agreement.

The following table sets out amendments to the calculation of the Incentive Fee (being the part of the remuneration structure which is the subject of amendment pursuant to the Ninth Supplemental Agreement) under the Investment Management Agreement (as amended by the supplemental agreements):

Relevant supplement agreement	Effective date	Amendment to Calculation of, or the amount of, Incentive Fee payable	Threshold/Cap
Supplemental Agreement	22 January 2001	N/A	The Threshold has been revised from Net Asset Value per Share of US\$10.00 to Net Asset Value per Share of US\$7.00 (due to a special dividend paid in September 2000 from the share premium account)
Second Supplemental Agreement	12 September 2001	The portion of net asset value used for calculating Incentive Fee has been expanded to include assets and rights held by the Company in listed securities (in addition to assets and rights in unlisted securities or interest)	N/A
Third Supplemental Agreement	30 June 2003	N/A	The Threshold has been revised from Net Asset Value per Share of US\$7.00 to Net Asset Value per Share of US\$6.20. Thereafter, such threshold shall be adjusted annually (or such other period as the Board deems appropriate) according to the actual amount of special dividends paid out during the immediately preceding years

LETTER FROM THE BOARD OF DIRECTORS

Relevant supplement agreement	Effective date	Amendment to Calculation of, or the amount of, Incentive Fee payable	Threshold/Cap
Fourth Supplemental Agreement	11 April 2005	N/A	<p>The Threshold when the Fourth Supplemental Agreement was entered into was Net Asset Value per Share of US\$5.70</p> <p>The Cap was introduced as follows:</p> <ul style="list-style-type: none"> • US\$1.4 million from 1 July 2005 to 31 December 2005 • US\$1.2 million for 2006 • US\$1.2 million for 2007 • US\$600,000 from 1 January 2008 to 30 June 2008
Fifth Supplemental Agreement	<p>28 March 2008 (for change in method of calculation of Incentive Fee)</p> <p>1 July 2008 (for amendment of Threshold and Cap)</p>	<p>The entire Net Asset Value of the Company (not only assets and rights in listed and unlisted securities and interests) shall be used for calculating the amount of Incentive Fee payable; the actual amount of special dividends (if any) paid out of the Company during the year shall be deducted from the Net Asset Value as at 31 December of the immediately preceding year when calculating the growth of Net Asset Value</p>	<p>The Threshold was revised to Net Asset Value per Share of US\$2.60 (taking into account total special dividend paid from June 2005 to May 2008 from the share premium account)</p> <p>The Cap was revised to:</p> <ul style="list-style-type: none"> • US\$400,000 from 1 July 2008 to 31 December 2008 • US\$1.8 million for 2009 • US\$2.0 million for 2010 • US\$2.8 million from 1 January 2011 to 30 June 2011
Sixth Supplemental Agreement	<p>31 December of the relevant Calculating Year (in relation to change in method of calculation of Incentive Fee)</p> <p>1 July 2011 (for amendment of Threshold and Cap)</p>	<p>In relation to the year ended 31 December 2011, the method of calculating Incentive Fee remains unchanged except that, if the Company raises new capital in the year, such new capital shall be deducted from Net Asset Value as at 31 December of that year</p> <p>With effect from the year ended 31 December 2012, the Incentive Fee has been amended to 20% of the amount the Net Asset Value as at 31 December of the relevant year exceeds 108% of the Net Asset Value as at 31 December of the immediately preceding year, with mechanism for adjustments relating to special dividends declared and new capital raised during the Calculating Year as per preceding periods</p>	<p>The Threshold was revised to Net Asset Value per Share of US\$1.40 (taking into account total special dividend paid from 1 July 2008 to 30 June 2011 from the share premium account)</p> <p>The Cap was revised to:</p> <ul style="list-style-type: none"> • US\$5.5 million from 1 July 2011 to 31 December 2011 • US\$1.2 million for 2012 • US\$2.0 million for 2013 • US\$620,000 from 1 January 2014 to 30 June 2014

LETTER FROM THE BOARD OF DIRECTORS

Relevant supplement agreement	Effective date	Amendment to Calculation of, or the amount of, Incentive Fee payable	Threshold/Cap
Seventh Supplemental Agreement	19 March 2014	<p>Introduction of High Water Mark whereby Incentive Fee payable was amended to be calculated as 20% of the amount which Net Asset Value as at 31 December in the Calculation Year exceeds the High Water Mark (i.e. highest Net Asset Value from (and including) the year ended 31 December 2010)</p> <p>Any consideration received by the Company from new capital during the period commencing the date following the end of the High Water Mark Year and ending on (and including) the date on which the Calculation year ends shall be deducted from, and any amount paid by the Company in respect of shares repurchases during the same period shall be added back, to the Net Asset Value as at 31 December in the Calculation Year</p>	<p>The Cap was revised to:</p> <ul style="list-style-type: none"> • US\$400,000 from 1 July 2014 to 31 December 2014 • US\$1.6 million for 2015 • US\$2.0 million for 2016 • US\$350,000 from 1 January 2017 to 30 June 2017
Eighth Supplemental Agreement	23 March 2017	<p>Definitions of High Water Mark and High Water Mark Year was amended</p> <p>The Incentive Fee payable to the Investment Manager in any Calculation Year was amended to be calculated with reference to the amount the Net Asset Value in the Calculation Year exceeds the highest Net Asset Value as at 31 December in any year from (and including) the year ended 31 December 2016 (i.e. the High Water Mark to the Net Asset Value as at 31 December 2016)</p>	<p>The Cap was revised to:</p> <ul style="list-style-type: none"> • US\$150,000 from 1 July 2017 to 31 December 2017 • US\$490,000 for 2018 • US\$830,000 for 2019 • US\$250,000 from 1 January 2020 to 30 June 2020

LETTER FROM THE BOARD OF DIRECTORS

C. Contemplated amendments to the Investment Management Agreement pursuant to the Ninth Supplemental Agreement

Upon the Ninth Supplemental Agreement becoming unconditional, the calculation of the Management and Administration Fee and the Incentive Fee shall remain the same (as last amended by the Eighth Supplemental Agreement) and the following amendments will be made to the Investment Management Agreement:

- (1) **Extension to the term of the Investment Management Agreement:** the appointment of the Investment Manager under the Investment Management Agreement shall be extended for a term of three years commencing from 1 July 2020 to 30 June 2023.
- (2) **New Cap:** the maximum amount of fees payable to the Investment Manager under the Investment Management Agreement (including the aggregate of the Management and Administration Fee and the Incentive Fee (if payable)) shall be revised to the following amounts over the term of the Ninth Supplemental Agreement:

	For the period from 1 July 2020 to 31 December 2020 inclusive	For the year 2021	For the year 2022	For the period from 1 January 2023 to 30 June 2023 inclusive
Management and Administrative Fee	US\$65,000	US\$160,000	US\$210,000	US\$130,000
Incentive Fee	–	–	–	–
Total	US\$65,000	US\$160,000	US\$210,000	US\$130,000

Each of the above amounts is referred to as the “**New Cap**” or collectively, as the “**New Caps**” in this circular. Other than the above amendments, the other terms of the Investment Management Agreement shall remain the same. In particular, the amount of Management and Administration Fee payable by the Company to the Investment Manager shall remain unchanged (at 0.5% of the Net Asset Value calculated on each Quarter Day, payable in US\$ quarterly in advance).

In the event that the total fees payable to the Investment Manager (consisting of the Management and Administration Fee and, if any, the Incentive Fee) for each of the periods covered by the Ninth Supplemental Agreement exceed the corresponding New Cap, the Company will have to re-comply with the relevant provisions under Chapter 14A of the Listing Rules, including without limitation making further announcement and obtaining further approval from its Independent Shareholders.

LETTER FROM THE BOARD OF DIRECTORS

D. Historical amounts of fees paid under the Investment Management Agreement (as amended by the Eighth Supplemental Agreement) and the current annual caps

The following is a summary of the historical amounts of fees paid by the Company to the Investment Manager pursuant to the terms of the Investment Management Agreement (as amended by the Eighth Supplemental Agreement) for the period commencing from 1 July 2017 to 31 March 2020 inclusive and the annual caps for the Continuing Connected Transaction constituted thereby for the period commencing from 1 July 2017 to 30 June 2020 inclusive:

	For the period from 1 July 2017 to 31 December 2017 inclusive	For the year 2018	For the year 2019	For the period from 1 January 2020 to 30 June 2020 inclusive
Management and Administration Fee	US\$75,778	US\$119,511	US\$80,061	US\$18,258 (Note)
Incentive fee	-	-	-	-
Annual Caps	US\$150,000	US\$490,000	US\$830,000	US\$250,000

Note: Amount paid from 1 January 2020 to 31 March 2020

E. Reasons for the Ninth Supplemental Agreement

The Company, an investment company listed under Chapter 21 of the Listing Rules on the Stock Exchange, aims to achieve long term capital appreciation through investing in listed and unlisted equity and debt securities as well as other financial instruments and investment vehicles which are established or have significant operations or businesses primarily in the Greater China Region.

Since 12 November 1993, the Company has appointed the Investment Manager to provide Investment Management Services to the Company. The three years' term of appointment of the Investment Manager under the Investment Management Agreement (as amended by the Eighth Supplemental Agreement) will expire on 30 June 2020. The Board considers that the 2020 AGM, expected to be held on 22 May 2020, to be an appropriate time for the Independent Shareholders to consider and, if thought fit, approve, *inter alia*, the entering of the Ninth Supplemental Agreement to the Investment Management Agreement and the Continuing Connected Transaction constituted thereby.

The Directors are of the opinion that the Investment Manager will continue to have the necessary expertise in providing the Investment Management Services to the Company in the future.

LETTER FROM THE BOARD OF DIRECTORS

The Directors are of the view that the renewal of the engagement of the Investment Manager is beneficial to the Company and its Shareholders as a whole for the following reasons:

- (i) the Investment Manager has a close working relationship with the Company since 1993 and has gained in-depth understanding of the Company's investment strategy and objectives over the years;
- (ii) the Investment Manager has demonstrated through the years that they have the necessary expertise in providing Investment Management Services to the Company and the capability to generate returns for the Company and its Shareholders;
- (iii) apart from the key responsible officers of the Investment Manager, namely Mr. NI Jianwei, Dr. WANG Ching and Mr. WU Bin, who have been responsible for the Investment Management Services under the Eighth Supplemental Agreement, (a) Mr. LU Xuefang has been appointed as the director and chairman of the Investment Manager since 20 August 2018, and subsequently appointed a Non-executive Director of the Company in March 2019. Based on Mr. Lu's over 24 years' experience in the fields of asset management, corporate and financial management, financial investment and capital market operations, his qualification and positions within SIICL and its subsidiaries, he possesses extensive connections and experiences which are relevant to the Investment Management Services to be provided under the Ninth Supplemental Agreement; and (b) Mr. CHOW Wang has joined the Investment Manager since April 2018 as Fund Manager and became a responsible officer of the Investment Manager in June 2019. He has over 15 years asset management licensed experiences in licensed corporations regulated by the SFC and is responsible for managing the Company's listed securities investment portfolio on a day-to-day basis. Given their qualifications and extensive experience relevant to the provision of Investment Management Services, it is expected that they will contribute positively and strengthen the capability of the Investment Manager in providing Investment Management Services;
- (iv) the Investment Manager is well positioned with five accredited responsible officers with segregated duties in carrying out its asset management activities, enhancing its expertise in the investment management of the Company. Each of the listed and unlisted investment portfolio of the Company is allocated under the management of two accredited responsible officers. An additional responsible officer is responsible for carrying out risk management and compliance functions in respect of each investment portfolio to ensure compliance with relevant internal control procedures and applicable rules. It is expected that they will contribute positively and strengthen the capability of the Investment Manager in providing Investment management Services; and

LETTER FROM THE BOARD OF DIRECTORS

- (v) in addition to strengthened capability and expertise, the Investment Manager is a wholly-owned subsidiary of SIICL (an investment arm of the Shanghai Municipal Government with long-established and large-scale state-owned core business units in real estate, medicine, infrastructure, water environment, consumer products and equity investment etc.) which has since provided invaluable resources and solid support to the Investment Manager in terms of expertise, investment opportunities and fund-raising capacity.

The Directors (excluding the INEDs who will express their view after considering the Independent Financial Adviser's advice letter to be included in this circular) consider that:

- (i) taking into account the benefits of extending the engagement of the Investment Manager, the execution of the Ninth Supplemental Agreement for amendment of the Investment Management Agreement and the Continuing Connected Transaction contemplated thereunder are in the best interests of the Company and its Shareholders as a whole;
- (ii) the Continuing Connected Transaction constituted by the Investment Management Agreement (as amended by the Ninth Supplemental Agreement) is on normal commercial terms and in the ordinary and usual course of business of the Company; and
- (iii) the terms of the Continuing Connected Transaction constituted by the Investment Management Agreement (as amended by the Ninth Supplemental Agreement) are fair and reasonable.

F. Basis for determination of the New Caps

The total estimated fees payable to the Investment Manager pursuant to the Investment Management Agreement and the New Caps for the period between 1 July 2020 to 30 June 2023 has been determined by management of the Company taking into account the following:

- (i) the audited Net Asset Value of the Company of approximately US\$3,651,504 as at 31 December 2019;
- (ii) the projected movements in the Net Asset Value during the period from 1 July 2020 to 30 June 2023 with reference to (a) the projected increase in value of portfolio of listed investments with a target annual return of 20%; and (b) the projected increase in value of its unlisted investment portfolio based on the target rate of return of 10%;
- (iii) the potential increase in capital for investment through the utilisation of general mandate(s) granted to the Directors for the issuance of new Shares when the market is conducive; and
- (iv) the ongoing operating expenses of the Company, in arriving at the projected movements.

The amount of Management and Administration Fee and Incentive Fee projected to be payable to the Investment Manager are then calculated based on their respective applicable rates and methods.

LETTER FROM THE BOARD OF DIRECTORS

The New Caps are lower than the annual caps in relation to the Investment Management Agreement (as amended by the Eighth Supplemental Agreement) for the period between 1 July 2017 to 30 June 2020 mainly due to the reduced audited Net Asset Value of the Company as at 31 December 2019 (at approximately US\$3,651,504) as compared to the audited Net Asset Value of the Company as at 31 December 2016 (at approximately US\$8,182,713), mainly attributable to the unrealized fair value loss of the Company's unlisted investment in Global Market Group Limited as disclosed in the annual reports of the Company for the years ended 31 December 2017 and 2018 respectively.

G. Implications under the Listing Rules

The Company is listed on the Stock Exchange as an investment company under Chapter 21 of the Listing Rules. The principal business of the Company is to invest in listed and unlisted equity and debt securities as well as in other financial instruments and investment vehicles which are established or having significant operations or businesses primarily in the Greater China Region.

Pursuant to Rule 14A.08 of the Listing Rules, the Investment Manager, acting as the Company's investment manager licensed under the SFO, is a connected person for the purposes of the Listing Rules. Therefore, any transaction between the Company and the Investment Manager constitutes a connected transaction under Chapter 14A of the Listing Rules.

The transaction contemplated under the Investment Management Agreement (as amended by the Ninth Supplemental Agreement) will constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

On the basis of the highest New Cap of US\$210,000 (equivalent to approximately HK\$1,638,000) in respect of the transaction under the Investment Management Agreement (as amended by the Ninth Supplemental Agreement), one or more of the percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceeds 5%. As such, the Continuing Connected Transaction constituted thereby is subject to, *inter alia*, the following requirements under Chapter 14A of the Listing Rules:

- (i) The Company must enter into a written agreement for the Continuing Connected Transaction with a term not exceeding three years. The Investment Management Agreement (as amended by the Ninth Supplemental Agreement) was the written agreement in respect of the Continuing Connected Transaction.
- (ii) The Company must announce the Continuing Connected Transaction as soon as its terms has been agreed. Such announcement was made on 17 March 2020.
- (iii) The Continuing Connected Transaction must be conditional upon approval by Independent Shareholders by way of poll at a general meeting of the Company. It is currently proposed that the Continuing Connected Transaction be approved, if thought fit, by the Independent Shareholders at the 2020 AGM.

The purpose of this circular is to provide Independent Shareholders with all material information in order for them to form a view as to whether they should approve the Continuing Connected Transaction if considered appropriate.

LETTER FROM THE BOARD OF DIRECTORS

- (iv) The Company must establish an independent board committee who must, taking into account the recommendation of an independent financial adviser, advise the Shareholders:
- (a) whether the terms of the Continuing Connected Transaction are fair and reasonable;
 - (b) whether the Continuing Connected Transaction is on normal commercial terms or better and entered in the ordinary and usual course of business of the Company;
 - (c) whether the Continuing Connected Transaction is in the interests of the Company and its Shareholders as a whole; and
 - (d) how to vote on the Continuing Connected Transaction.

An Independent Board Committee comprising all the INEDs of the Company was established pursuant to resolutions of the Board dated 9 January 2020 and a letter of the Independent Board Committee in relation to its advice to the Shareholders is set out on pages 28 to 29 of this circular.

- (v) The Company must appoint an independent financial adviser to make recommendations to the Independent Board Committee and Shareholders and issue a letter of advice (together with reasons and assumptions made) with a statement as to whether:
- (a) the terms of the Continuing Connected Transaction are fair and reasonable;
 - (b) the Continuing Connected Transaction is on normal commercial terms or better and entered in the ordinary and usual course of business of the Company;
 - (c) the Continuing Connected Transaction is in the interests of the Company and its Shareholders as a whole; and
 - (d) the Shareholders should vote in favour of the Continuing Connected Transaction.

Altus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and Shareholders in respect of the Continuing Connected Transaction and the letter of advice is set out on pages 30 to 44 of this circular.

LETTER FROM THE BOARD OF DIRECTORS

- (vi) The Company must set an annual cap for the Continuing Connected Transaction which must be expressed in monetary terms, determined by reference to previous transactions and figures and approved by Independent Shareholders.

The New Caps for the Continuing Connected Transaction (representing the total consideration of the Continuing Connected Transaction for any of the periods stipulated in clause 7.03A of the Investment Management Agreement (as amended by the Ninth Supplemental Agreement)) is set out in the paragraph C “Contemplated amendments to the Investment Management Agreement pursuant to the Ninth Supplemental Agreement” above in this circular.

- (vii) The INEDs shall review annually the Continuing Connected Transaction and confirm in the Company’s next and successive annual reports that the Continuing Connected Transaction have been entered into in the ordinary course of business of the Company; on normal commercial terms or better; and in accordance with the Investment Management Agreement (as amended by the Ninth Supplemental Agreement) on terms that are fair and reasonable and in the interest of the Company and its Shareholders as a whole.
- (viii) The auditors of the Company shall be engaged to review the Continuing Connected Transaction annually and provide the Board (a copy of which shall be provided to the Stock Exchange) with a letter confirming that nothing has come to their attention that causes them to believe that the Continuing Connected Transaction:
 - (a) have not been approved by the Board;
 - (b) were not entered into, in all material aspects, in accordance with the Investment Management Agreement (as amended by the Ninth Supplemental Agreement); and
 - (c) have exceeded any of the relevant New Cap.

For such purpose, the auditors of the Company will be given sufficient access to its relevant records for the purpose of the auditor’s review.

The Company must disclose the Continuing Connected Transaction in each financial year in its next and each successive annual report, each accompanied with a statement of the INEDs and confirmation by the auditors of the Company in respect of matters as referred in paragraphs (vii) and (viii) above.

If the Company knows or has reason to believe that the INEDs and/or the auditors will not be able to confirm the relevant matters set out above, the Company is required to promptly notify the Stock Exchange and publish an announcement.

LETTER FROM THE BOARD OF DIRECTORS

If any terms of the Continuing Connected Transaction as mentioned above are altered or if the total consideration of the Continuing Connected Transaction for any of the periods stipulated in clause 7.03A of the Investment Management Agreement (as amended by the Ninth Supplemental Agreement) exceeds the corresponding New Cap set out in that clause, the Company will have to re-comply with the relevant provisions under Chapter 14A of the Listing Rules.

H. Business of the Company

The Company is listed on the Stock Exchange as an investment company under Chapter 21 of the Listing Rules. The principal business of the Company is investment in listed and unlisted equity and debt securities as well as in other financial instruments and investment vehicles which are established or having significant operations or businesses primarily in the Greater China Region.

I. Information about the Investment Manager

The Investment Manager and its ultimate beneficial owners

The Investment Manager is an investment management company. The principal operations of the Investment Manager include: (i) management of investments and reinvestments of the assets of its clients in order to achieve the investment objectives and policies of its clients; (ii) evaluation of investment opportunities, implementation of investment and realisation decisions, supervision of investments and preparation of valuations in relation to its clients' investments; and (iii) management of the corporate affairs and day-to-day administration of its clients.

The Investment Manager is a company owned as to 60% by EPIL and 40% by TEIL.

EPIL is a company incorporated in the British Virgin Islands and is indirectly wholly owned by SIICL. TEIL is a company incorporated in the British Virgin Islands and is also indirectly wholly owned by SIICL. The principal activities of both EPIL and TEIL are investment holding. SIICL's principal business activities include financial investment, medicine, infrastructure, real estate and consumer products etc. SIICL is also a Shareholder with an interest of 17.64% of the issued share capital of the Company.

LETTER FROM THE BOARD OF DIRECTORS

Potential conflict of interest between the Company and the Investment Manager

Common directors

Dr. WANG Ching (“**Dr. Wang**”) and Mr. WU Bin (“**Mr. Wu**”) are Executive Directors of the Company and are also directors of the Investment Manager. Both Dr. Wang and Mr. Wu are involved in the day-to-day operations of each of the Company and the Investment Manager. The biographical details of Dr. Wang and Mr. Wu are set out in Appendix III to this circular.

Further, Mr. LU Xuefang (“**Mr. Lu**”) and Mr. NI Jianwei (“**Mr. Ni**”) are Non-executive Directors of the Company. Mr. Lu is the director and chairman and Mr. Ni is the managing director of the Investment Manager.

In respect of allocation of time and resources, each of Dr. Wang, Mr. Wu, Mr. Lu and Mr. Ni undertakes to the Board that they will be able to devote sufficient time and resources to look after the affairs of the Company.

Investment policy

All major decisions of the Company will be made by the Board as a whole and not at the discretion of any one Director. It is the Company’s investment policy that, in relation to both listed or unlisted investments, final investment decisions relating to (i) any proposed investment with an initial amount exceeding US\$3 million, and (ii) any proposed realisation of any asset with a realisation value exceeding US\$3 million shall be made by the Investment Committee of the Company, unless prior approval has been obtained from the Board. The Investment Committee comprises of Dr. Wang, Mr. Ni and Mr. Lu (being a representative of Shareholders). According to the Company’s investment policy, the Investment Committee may make any final investment decision by a majority vote, however in practice, any final investment decision of the Investment Committee is made by unanimous vote of the three Investment Committee members.

In the event that any member of the Investment Committee or his associates has a material interest in the contract or arrangement or the proposal, the member is required to abstain from voting in the Investment Committee meeting in relation to the relevant matter.

In respect of any investment with an initial amount, or realisation of any asset with a realisation value below US\$3 million, it may be dealt with at the full discretion of the Investment Manager.

Other conflict of interest situations

As with all other matters required to be resolved by the Board (whether or not investment related) where conflict of interest arises, conflicted Directors shall declare their interests and abstain from voting on such matters in compliance with the Listing Rules.

LETTER FROM THE BOARD OF DIRECTORS

Potential conflicts of interest

The Investment Manager currently manages one Renminbi Qualified Foreign Institutional Investor (“**RQFII**”) discretionary account for its client. Those funds invest solely in A shares and money market funds listed on the PRC stock markets and the underlying assets under the custody of custodian(s) are distinct from that of the Company’s portfolio. As the Company did not, and currently does not, have any plan to invest in A shares, there is no potential conflicts of interest in this RQFII investment activity by the Investment Manager.

The Investment Manager may also manage its own listed investments portfolio. In order to avoid any potential situations of conflicts of interest, strict internal control procedures have been put in place as to the Investment Manager’s portfolio distinct listed investment guidelines, stock pools and use of separate licensed brokers in transacting its proprietary orders. Nonetheless, The Investment Manager did not carry out proprietary trading for its own portfolio since September 2018.

Potential conflict of interest may occur when the Investment Manager provides investment management service to the Company as well as to another fund whose investments are similar in nature to that of the Company. Internal control mechanisms have been put into place in both the Company and the Investment Manager (in their respective Internal Policies and Procedures Manual) which are in line with the guidelines as enumerated in paragraph 16 of the guidance letter (HKEx-GL17-10) issued by the Stock Exchange in relation to investment companies listed under Chapter 21 of the Listing Rules in respect of:

- (i) maintenance of confidentiality of information on potential investments;
- (ii) fair allocation of investment opportunities;
- (iii) assurance by conflicted directors to devote sufficient time to matters of the Company;
and
- (iv) maintaining sufficient resources (for instance, staff and facilities) for the proper management of the Company.

Remaining Board members

Having considered the respective biographical details of each Director, the Board considers that each of the remaining non-conflicting Board members has the integrity, experience and qualifications required and are collectively capable to ensure proper functioning of the Board in the event where any conflict of interest arises.

LETTER FROM THE BOARD OF DIRECTORS

J. General

As at the Latest Practicable Date, SIICL indirectly holds 100% shareholding of the Investment Manager and is also a Shareholder with an interest of 17.64% of the issued share capital of the Company. Pursuant to the Listing Rules, SIICL and its associates will abstain from voting in the 2020 AGM to approve the Ninth Supplemental Agreement and all matters contemplated thereunder.

Pursuant to clause 3 of the Investment Management Agreement, in respect of (i) any investment opportunity identified by the Investment Manager which would require the Company to make an aggregate investment in an initial amount exceeding US\$3 million; and (ii) any proposed realisation of any asset with a realisation value exceeding US\$3 million, the Investment Manager is required to:

- (a) submit to the Investment Committee its written recommendation in respect of such investment opportunity or realisation (together with any recommendation prepared by the investment adviser);
- (b) not commit the Company to make or implement such proposed investment or realisation, as the case may be, without first obtaining the approval of the Investment Committee to the proposed investment or realisation, as the case may be; and
- (c) only commit the Company to make or implement such proposed investment or realisation, as the case may be, subject to, and in accordance with, any terms, conditions or qualifications imposed by the Investment Committee as a condition of its approval.

The Investment Committee will usually only approve the investment opportunity or proposed realisation if a unanimous decision has been reached. As at the Latest Practicable Date, the Investment Committee comprises of Dr. Wang, Mr. Ni and Mr. Lu (being a representative of Shareholders).

In the event that any member of the Investment Committee or his associates has a material interest in the contract or arrangement or the proposal, the member is required to abstain from voting in the Investment Committee meeting in relation to the relevant matter.

In respect of (a) any investment opportunity with an aggregate investment in an initial amount not exceeding US\$3 million and (b) any proposed realisation of any asset with a realisation value not exceeding US\$3 million, the Investment Manager may at its discretion and without reference to the Investment Committee to make such investment subject to the conditions set out in clause 3 of the Investment Management Agreement.

The Company has appointed Altus Capital Limited as Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Investment Management Agreement (as amended by the Ninth Supplemental Agreement), the Continuing Connected Transaction constituted thereunder as well as the proposed New Caps.

LETTER FROM THE BOARD OF DIRECTORS

7. ANNUAL GENERAL MEETING

Set out on pages 58 to 62 of this circular, is a notice to convene the 2020 AGM to consider and, if thought fit, approve, *inter alia*, the Share Repurchase Mandate, the Share Issue Mandate, the extension of the Share Issue Mandate, the re-election of Retiring Directors, the Investment Management Agreement (as amended by the Ninth Supplemental Agreement) and the Continuing Connected Transaction constituted thereunder.

The 2020 AGM of the Company will be held at the Ball Room, 1/F, South Pacific Hotel, 23 Morrison Hill Road, Wanchai, Hong Kong on Friday, 22 May 2020 at 10:30 a.m.. There is enclosed a form of proxy for use at the 2020 AGM or any adjournment thereof. Whether or not you intend to be present at the Meeting, you are requested to complete the form of proxy and return it to the Company's Share registrar in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. Completion and return of the form of proxy will not prevent Shareholders from attending, and voting at, the Meeting or any adjournment thereof if they so wish and in such event, the form of proxy shall be deemed to be revoked.

8. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at the general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the meeting will therefore demand a poll for every resolution put to the vote of the 2020 AGM in accordance with article 52 of the Articles. The results of the poll shall be deemed to be the resolutions passed at the 2020 AGM and the poll results will be published on the website of the Hong Kong Exchange and Clearing Limited (www.hkexnews.hk) and the website of the Company (<http://shanghaigrowth.etnet.com.hk>).

9. RECOMMENDATION

The Directors consider that the granting of Share Repurchase Mandate and Share Issue Mandate, the extension of the Share Issue Mandate to the Directors, the re-election of Retiring Directors and the approval of the Investment Management Agreement (as amended by the Ninth Supplemental Agreement), the Continuing Connected Transaction constituted thereunder and the proposed New Caps are in the best interests of the Company and its Shareholders as a whole and so recommend that you vote in favour of all the resolutions to be proposed at the 2020 AGM.

Yours faithfully,
For and on behalf of the Board of
SHANGHAI INTERNATIONAL
SHANGHAI GROWTH INVESTMENT LIMITED
WANG Ching
Executive Director

**SHANGHAI INTERNATIONAL
SHANGHAI GROWTH INVESTMENT LIMITED**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 770)

Independent Non-Executive Directors:

YICK Wing Fat Simon

HUA Min

ONG Ka Thai

3 April 2020

To the Independent Shareholders

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

We refer to the circular issued by the Company on the date of this letter (the “**Circular**”) to its Shareholders, of which this letter forms part. Unless the context otherwise requires, terms defined in this circular shall have the same meanings when used in this letter.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion: (i) the entering into of the Ninth Supplemental Agreement to the Investment Management Agreement, the Continuous Connected Transaction constituted thereunder and the proposed New Caps are in the interests of the Company and the Shareholders as a whole; (ii) the terms of the Investment Management Agreement (as amended by the Ninth Supplemental Agreement), the Continuing Connected Transaction constituted thereunder and the proposed New Caps are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the Continuing Connected Transaction constituted by the Investment Management Agreement (as amended by the Ninth Supplemental Agreement) is on normal commercial terms or better and entered in the ordinary and usual course of business of the Company.

None of the members of the Independent Board Committee have any direct or indirect interest in the Continuing Connected Transaction. In addition, Altus Capital Limited has been appointed as Independent Financial Adviser.

We wish to draw your attention to (i) the letter of advice from the Independent Financial Adviser as set out on pages 30 to 44 of the Circular; and (ii) the letter from the Board as set out on pages 6 to 27 of the Circular, which set out information relating to, and the reasons for and benefits of the Continuing Connected Transaction.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

As the Company's INEDs, we have discussed with the management of the Company the reasons and benefits of the Continuing Connected Transaction and the basis upon which the terms and the proposed New Caps have been determined. We have considered the factors and reasons considered by, and the opinions and recommendations of, the Independent Financial Adviser as set out on pages 30 to 44 of the Circular.

We concur with the view of the Independent Financial Adviser that the entering into of the Continuing Connected Transaction are in the interests of the Company and the Shareholders as a whole and the proposed New Caps and the terms thereof are fair and reasonable as far as the Independent Shareholders are concerned and are on normal commercial terms and in the ordinary and usual course of business of the Company. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution approving the Continuing Connected Transaction and the New Caps to be proposed at the 2020 AGM.

Yours faithfully,
The Independent Board Committee of
SHANGHAI INTERNATIONAL
SHANGHAI GROWTH INVESTMENT LIMITED

YICK Wing Fat Simon

HUA Min

ONG Ka Thai

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transaction, which has been prepared for the purpose of incorporation in this circular.

ALTUS .

Altus Capital Limited

21 Wing Wo Street
Central
Hong Kong

3 April 2020

To the Independent Board Committee and the Independent Shareholders

Shanghai International Shanghai Growth Investment Limited

Room 1501
15th Floor
Shanghai Industrial Investment Building
48-62 Hennessy Road
Wanchai
Hong Kong

Dear Sir or Madam,

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transaction and the New Caps pertaining to the Ninth Supplemental Agreement contemplated thereunder. Details of the Continuing Connected Transaction and the terms and conditions of the Ninth Supplement Agreement are set out in the “Letter from the Board of Directors” contained in the circular of the Company dated 3 April 2020 (“**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Company is listed on the Stock Exchange as an investment company under Chapter 21 of the Listing Rules. The principal business of the Company is investment in listed and unlisted equity and debt securities as well as in other financial instruments and investment vehicles which are established or having significant operations or businesses primarily in the Greater China Region. The Company has appointed the Investment Manager to provide Investment Management Services to the Company since 12 November 1993, which is governed by the Investment Management Agreement (as supplemented by the Supplemental Agreement, the Second Supplemental Agreement, the Third Supplemental Agreement, the Fourth Supplemental Agreement, the Fifth Supplemental Agreement, the Sixth Supplemental Agreement, the Seventh Supplemental Agreement and the Eighth Supplemental Agreement).

The Investment Manager is an investment management company. The appointment terms of the Investment Manager under the Eighth Supplemental Agreement will expire on 30 June 2020. Consequently, the Company has entered into the Ninth Supplemental Agreement to the Investment Management Agreement with the Investment Manager on 17 March 2020 pursuant to which the parties have agreed to, *inter alia*, extend the term of the appointment of the Investment Manager for another three years from 1 July 2020.

In this connection, the Board considers that the 2020 AGM, expected to be held on 22 May 2020, to be an appropriate time for the Independent Shareholders to consider and, if thought fit, approve, *inter alia*, the entering into of the Ninth Supplemental Agreement to the Investment Management Agreement and the Continuing Connected Transaction constituted thereby.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14A.08 of the Listing Rules, the Investment Manager, acting as the Company's investment manager licensed under the SFO, is a connected person for the purpose of the Listing Rules and transactions contemplated under the Investment Management Agreement (as amended by the Ninth Supplemental Agreement) will constitute continuing connected transactions under Chapter 14A of the Listing Rules.

With reference to the highest proposed New Caps during the period from 1 July 2020 to 30 June 2023 of US\$210,000, one or more of the percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceeds 5%. As such, the Continuing Connected Transaction constituted thereby is subject to, among other things, reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

THE INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the INEDs, namely Dr. HUA Min, Mr. ONG Ka Thai and Mr. YICK Wing Fat Simon, has been established to consider the Continuing Connected Transaction and the New Caps pertaining to the Ninth Supplemental Agreement contemplated thereunder, and to give advice and recommendation to the Independent Shareholders as to (i) whether the Continuing Connected Transaction and the New Caps pertaining to the Ninth Supplemental Agreement contemplated thereunder are in the interests of the Company and Shareholders as a whole; (ii) whether the Continuing Connected Transaction and the New Caps are on normal commercial terms and are fair and reasonable as far as the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the resolution relating thereto to be proposed at the 2020 AGM, taking into account the recommendation of the Independent Financial Adviser.

As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to them as to (i) whether the Continuing Connected Transaction and the New Caps pertaining to the Ninth Supplemental Agreement contemplated thereunder are in the interests of the Company and Shareholders as a whole; (ii) whether the terms of the Continuing Connected Transaction and the New Caps are on normal commercial terms and are fair and reasonable as far as the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the resolution relating thereto to be proposed at the 2020 AGM.

We have no, and have not had any, relationship or interest in the Company or any other parties that could have affected our independence as independent financial adviser for the Company. We have also not acted as an independent financial adviser or financial adviser for the Company's other transaction in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the Continuing Connected Transaction and the New Caps is at market level and not conditional upon successful passing of the resolution to be proposed at the 2020 AGM, and that our engagement is on normal commercial terms, we are independent of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others (i) the Ninth Supplemental Agreement; (ii) the annual report of the Company for the year ended 31 December 2017 (the “**2017 Annual Report**”); (iii) the annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”); (iv) the interim report of the Company for the six months ended 30 June 2019 (the “**2019 Interim Report**”); (v) the annual results announcement of the Company for the year ended 31 December 2019 (the “**2019 Results Announcement**”); and (vi) other information set out in the Circular.

We have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading. We understand the Directors will ensure the information contained in the Circular will continue to be true, accurate and complete as at the date of the AGM, and will inform the Shareholders if there is any material change of the information contained in the Circular.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading. We have assumed that all the statements, information, opinions and representations for matters relating to the Company contained or referred to in the Circular and/or provided to us by the Company, the Directors and the Management have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation, we have taken into consideration the following principal factors and reasons:

1. Background information

Pursuant to the Investment Management Agreement, the Investment Manager's duties and responsibilities include: (i) managing, subject to the overall supervision of the Directors, the investment and reinvestment of the assets of the Company in order to achieve the investment objectives and policies of the Company; (ii) evaluating investment opportunities, implementing investment and realisation decisions, monitoring and supervising investments and preparing valuations of the Company's investments; and (iii) managing the corporate affairs of the Company and dealing with its day-to-day administration, including preparation of the annual and semi-annual statements on the performance of the Company's investments for inclusion in the Company's annual and semi-annual reports.

As stated in the "Appendix III" of the Circular, apart from the key responsible officers of the Investment Manager, namely Mr. NI Jianwei, Dr. WANG Ching and Mr. WU Bin, who have been responsible for the Investment Management Services under the Eighth Supplemental Agreement, we noted that Mr. LU Xuefang has been appointed as the director and chairman of the Investment Manager on 20 August 2018. Based on Mr. LU's years of experience in asset management, corporate and financial management, real estate, financial investment and capital market operations, his qualification and previous positions within SIICL and its subsidiaries, we are of the view that he possesses extensive experiences which are relevant to the Investment Management Services to be provided under the Ninth Supplemental Agreement.

The Company had recorded a net loss of approximately US\$2.7 million for the year ended 31 December 2018, compared with a loss of approximately US\$1.4 million in 2017. As stated in the 2017 Annual Report and 2018 Annual Report, the loss was mainly attributable to the unrealised fair value loss on the Company's unlisted investment, Global Market Group Limited ("GMG"). In this respect, we noted that the Company, having considered, among others things, (i) deterioration of GMG's earnings; and (ii) development of GMG's new business is still premature, had reassessed GMG's value to be approximately US\$0.3 million as at 31 December 2018, representing in a further decrease of approximately US\$2.1 million in fair value as compared to that in 2017 (2017: decrease of US\$1.0 million)

At the same time, according to the 2018 Annual Report, the performance of its listed securities portfolio recorded a slight loss of approximately 2.3% for the year ended 31 December 2018 compared to a gain of approximately 17.9% in the previous year. Notwithstanding, such performance for the year ended 31 December 2018 has still significantly outperformed Hang Seng Index by over 11%.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As stated in the 2019 Results Announcement, the value of GMG had been further written down to nil as at 31 December 2019. Meanwhile, the Company recorded an approximately 14.2% gain for its listed investments for the year ended 31 December 2019, which outperformed the Hang Seng Index and the Hang Seng China Enterprises Index by approximately 5.1% and 3.9% respectively.

Having considered the (i) competence and over 10 years' experience of the Investment Manager's key responsible officers in the investment management industry; and (ii) expansion of the investment management team with the addition of Mr. LU in 2018, the Directors believe, and we concur that, the Investment Manager can bring about positive impact to the Company's investment performance going forward.

In addition, given that the Investment Manager and the Company had established a close working relationship over the years, the Directors also have confidence that the Investment Manager can leverage on its in-depth understanding on Company's investment strategy to effectively achieve its investment objective. Having considered performance of the Company against the volatile and declining market in particular during the second quarter of 2019, we concur with the Director's view that the reappointment of the Investment Manager is strategic, fair and reasonable, and it would be not practical and cost efficient to solicit another investment manager without incurring significant due diligence and solicitation costs to the Company.

Based on the abovementioned factors and basis, we are of the view that the Investment Manager has, on balance, demonstrated its competence and capacity to continue to provide Investment Management Services under the Ninth Supplemental Agreement. It is therefore fair and reasonable, and in the interests of the Company and Shareholders as a whole to reappoint the Investment Manager to carry on the Company's long-term investment strategy.

2. Basis of determination

Pursuant to the Investment Management Agreement, the total fee payable to the Investment Manager in general comprise:

(i) Management and Administration Fee

0.5% per quarter (representing 2.0% per annum) of the Net Asset Value (calculated before deduction of the fees payable to the Investment Manager and the Company's investment adviser and custodian for that quarter) on each Quarter Day.

(ii) Incentive Fee

20% of the amount by which the Net Asset Value as at 31 December in the Calculation Year exceeds the High Water Mark.

The High Water Mark refers to the highest Net Asset Value as at 31 December in any year from the year ended 31 December 2016 (in which the Incentive Fee was accrued) other than the applicable Calculation Year, less the Dividend Amount.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the purpose of the Ninth Supplemental Agreement, the Net Asset Value as at 31 December 2016 being US\$8,182,713, represents the High Water Mark.

In calculating the Incentive Fee for a particular Calculation Year, any new capital raised during the period commencing on the day following the end of the High Water Mark Year and ending on (and including) the date on which such Calculation Year ends shall be deducted from, and any consideration paid by the Company for any Shares repurchased during the period commencing on the day following the end of the High Water Mark Year and ending on (and including) the date on which such Calculation Year ends shall be added back to, the Net Asset Value as at 31 December in such Calculation Year.

For more details about the Management and Administration Fee and Incentive Fee, please refer to the “Letter from the Board of Directors”.

To assess the fairness and reasonableness of the fee structures of the Investment Management Agreement above, we have conducted a comparable analysis through identifying companies which are primarily engaged in similar business activities as the Company and are listed under Chapter 21 of the Listing Rules on the Stock Exchange (the “**Comparables**”). While capital markets continually evolve, we consider that the Comparables’ prevailing fee structures can serve as benchmarks which reflect the current investment conditions as well as market rates at the time of proposing the terms of the Investment Management Agreement.

While it should be noted that the subject companies involved in the comparable analysis may have different investment objectives, scale, market capitalisation, profitability, and financial position as compared with those of the Company, the analysis is meant to cover an exhaustive list of companies listed under Chapter 21 of the Listing Rules on the Stock Exchange and form an appropriate sample size to represent the widely adopted fee structure for the comparable companies in this same industry. Such analysis does not cover companies where their investment management agreements fall under the announcement exemption as there are insufficient information relating to the key terms of their investment management agreements. In light of this, we consider the review and comparison of the Comparables’ fee structures to be the appropriate basis to form a reasonably well informed view of the fee structure in the industry, allowing us to assess the fairness and reasonableness of the (i) Management and Administration Fee; (ii) Incentive Fee; and (iii) High Water Mark level, pursuant to the Ninth Supplemental Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

A summary of the fee structure of the Comparables is set out as follows.

Announcement date	Company	Stock code	Management fee	Incentive fee	High water mark mechanism
26-Apr-17	CHINA FINANCIAL INTERNATIONAL INVESTMENTS LTD.	721	0.75% per annum of the aggregate market value of the portfolio(s) managed by it on the last business day of each calendar month	No	No
26-May-17	DT CAPITAL LTD.	356	1.5% of the gross net asset value per annum, calculated as the arithmetical average of the published unaudited consolidated net asset value on the last day of each calendar month during each relevant year, and payable quarterly in arrears	15% on the amount of audited consolidated net asset value of the company (calculated as at the end of each respective financial year) exceeding the high watermark as at the relevant financial year, and payable annually in arrears, subject to adjustments by disregarding the effects of any new issue of securities or distribution on the gross net asset value	Yes
5-Jul-17	EAGLE RIDE INVESTMENT HOLDINGS LTD.	901	Fixed HK\$185,000 per month	No	No
31-Aug-17	CHINA DEVELOPMENT BANK INTERNATIONAL INVESTMENT LTD.	1062	Fixed HK\$350,000 per annum	No	No
29-Dec-17	CAPITAL VC LTD.	2324	Fixed HK\$50,000 per month	No	No
28-Feb-18	COCOON HOLDINGS LTD.	428	1% per annum on the net asset value as per the management account of the company of the preceding month with an annual cap of HK\$2,980,000.	No	No
10-May-18	CHINA INNOVATION INVESTMENT LTD.	1217	HK\$960,000 per annum	No	No
11-May-18	CORE ECONOMY INVESTMENT GROUP LTD.	339	Fixed HK\$60,000 per month	No	No
29-Jun-18	YOUTH CHAMP FINANCIAL GROUP HOLDINGS LTD.	1160	Fixed HK\$345,000 per annum	No	No
18-Jul-18	OP FINANCIAL LTD.	1140	Fixed HK\$1,150,000 per month	No	No

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Announcement date	Company	Stock code	Management fee	Incentive fee	High water mark mechanism
26-Jul-18	SHK HONG KONG INDUSTRIES LTD.	666	0.375% of the gross net asset value for each quarter, calculated as the arithmetical average of the published gross net asset value on the last day of each calendar month during each relevant quarter, and payable quarterly in arrears by the company to the investment manager.	20% of the amount by which the audited net asset value of each year ended 31 December exceeds the high watermark as at the relevant financial year, and payable annually in arrears by the company to investment manager.	Yes
8-Nov-18	CHINA MERCHANTS CHINA DIRECT INVESTMENTS LTD.	133	<p>aggregate of:</p> <p>(a) on the invested portion of the assets of the company represented by unlisted securities or interests: 2.00% of the book value (net of taxes);</p> <p>(b) on the invested portion of the assets of the company represented by securities listed on a recognized stock exchange (Note):</p> <p>(i) during the lockup period following listing: 2.00% of the book value (net of taxes);</p> <p>(ii) for the one year after the lockup period lapses: 1.75% of the book value (net of taxes);</p> <p>(iii) thereafter: 1.50% of the book value (net of taxes); and</p> <p>(iv) in respect of listed securities purchased from the secondary market: 1.50% of the book value (net of taxes); and</p> <p>(c) on the un-invested portion of the assets of the company: 0.50% of the book value</p>	<p>Conditional upon the net asset value at the end of each financial year (as adjusted) exceeding the higher of:</p> <p>(i) the net asset value for the reference year, and</p> <p>(ii) the net asset value of the most recent financial year after the reference year and in which a performance fee was paid, the company will pay an annual performance fee in US dollars (or the HKD or RMB equivalent of the same) equal to 8% of the amount by which the net asset value as at the end of the relevant financial year (as adjusted) exceeds the high watermark.</p>	Yes

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Announcement date	Company	Stock code	Management fee	Incentive fee	High water mark mechanism
18-Dec-18	PROSPERITY INVESTMENT HOLDINGS LTD.	310	Fixed HK\$600,000 per month	<p>If any and at such amount as the board may at its discretion determine, provided that no such bonus shall be payable unless the adjusted net asset value as at the end of each financial year exceeds the higher of:</p> <p>(i) the net asset value for the year ending 31 December 2018; and</p> <p>(ii) the adjusted net asset value of the most recent financial year after year 2018 for which the investment manager is paid a discretionary bonus.</p> <p>The amount of such bonus shall not in any event exceed 5% of such excess.</p>	No
25-Jan-19	UBA INVESTMENTS LTD.	768	1.5% per annum of the net asset value of UBA Group as at the immediately preceding valuation date on the basis of the actual number of days in the relevant calendar month over a year of 365 days	20% of net profit of UBA Group before taxation and before deduction of the management fee payable under the investment management agreements shall be paid to investment manager for each Financial Year.	No
4-Jul-19	CHINA DING YI FENG HOLDINGS LTD.	612	Fixed HK\$220,000 per month	No	No
20-Dec-19	CHINA NEW ECONOMY FUND LTD.	80	Fixed HK\$600,000 per year	No	No

Source: HKEx website

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Management and Administration Fee

With reference to the Comparables' analysis above, it is noted that the management and administration fee are mainly computed based on (i) a percentage of net asset value (6 Comparables); or (ii) a fixed amount (10 Comparables). In particular, the management fees payable to investment managers of Comparables ranged between approximately 0.5% and 2.0% per annum of the net asset value of the investment companies and are payable on a monthly or quarterly basis. Based on the above, we observed that the arrangement in respect of management and administration fee under the Ninth Supplemental Agreement, which is 0.5% per quarter (or equivalent to 2.0% per annum) of the Net Asset Value on each Quarter Day and payable on quarterly basis is, while on the high end, in line with the Comparables and industry practice. We wish to add that a fixed fee arrangement may lack incentive to encourage the investment manager to enhance the performance of the Company.

In this respect, we also note that the management and administration fee is typically charged by investment managers for the purpose of maintaining its operations. Given the relatively small scale, in terms of the Net Asset Value, of the Company, a lower fee rate charged on the Net Asset Value may not be able to sustain the Investment Manager's fixed cost in operations. As such we are of the view that a relatively higher fee rate is necessary for the Company to justify a reasonable absolute amount of fees is paid to any investment manager the Company intends to appoint.

Incentive Fee

Based on the Comparables' analysis, it is noted that 5 out of 16 Comparables adopted incentive fee structure, and the rates of incentive fee generally vary from 5% to 20% of profits or increases in portfolio asset values. Therefore, the incentive fee mechanism under the Ninth Supplemental Agreement closely resembles the mechanism adopted by some Comparables; while the proposed rate is at the high end of the Comparables. While a majority of the Comparables do not adopt incentive fee mechanism, the Board believes, and we concur, that given the Company's relatively small scale and less capital available for deployment to generate returns; the comparatively higher incentive fee (with high water mark) mechanism are necessary to provide effective incentives for the Investment Manager, thereby aligning the interests of the Company and the Investment Manager. This is in the interests of the Company and Independent Shareholders as a whole and we are of the view that the proposed rate for Incentive Fee is fair and reasonable.

Section summary

In view of the above and taking into account the Management and Administration Fee and Incentive Fee under the Ninth Supplemental Agreement fall within range of the Comparables' and in line with the applicable rates in the industry, we are of the view that the Ninth Supplemental Agreement is fair and reasonable, and is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. The New Caps

Set out below is the historical utilisation of the caps previously approved for the periods between 1 July 2017 and 30 June 2020 (“**Previous Caps**”):

	For the period from 1 July 2017 to 31 December 2017 inclusive	For the year 2018	For the year 2019	For the period from 1 January 2020 to 30 June 2020 Inclusive
Annual caps:				
Management and Administration Fee	US\$132,000	US\$300,000	US\$420,000	US\$250,000
Incentive Fee	US\$18,000	US\$190,000	US\$410,000	–
Total	US\$150,000	US\$490,000	US\$830,000	US\$250,000
Utilisation:				
Management and Administration Fee	US\$75,778	US\$119,511	US\$80,061	US\$18,258 ^{Note}
Incentive fee	–	–	–	–

Note: This represents the amount of Management and Administration Fee paid from 1 January 2020 to 31 March 2020

The Management explained that the relatively low utilisation of the Previous Caps was mainly attributable to the decrease in overall management fee in the respective periods corresponding to the decreasing Net Asset Value, which was caused primarily by the delisting and subsequent fair value write-down of GMG. For further details, please refer to the section headed “Review of results” in the 2017 Annual Report, 2018 Annual Report and 2019 Results Announcement. As the fair value of GMG has been written down to nil as of 31 December 2019, the Management expects the above issue shall no longer affect the Net Asset Value going forward.

The Management explained that the Net Asset Value was also negatively impacted by no new capital being raised during 2018, 2019 and the first quarter of 2020. The Management intends to conduct capital raising from the market when the environment is conducive.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pursuant to the Ninth Supplemental Agreement, the proposed caps for the periods between 1 July 2020 and 30 June 2023 (“**New Caps**”) are set out as follows:

	For the period from 1 July 2020 to 31 December 2020 inclusive	For the year 2021	For the year 2022	For the period from 1 January 2023 to 30 June 2023 Inclusive
Annual caps:				
Management and Administration Fee	US\$65,000	US\$160,000	US\$210,000	US\$130,000
Incentive Fee	—	—	—	—
	<hr/>	<hr/>	<hr/>	<hr/>
Total	US\$65,000	US\$160,000	US\$210,000	US\$130,000
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The total estimated fees payable to the Investment Manager pursuant to the Ninth Supplemental Agreement for the periods between 1 July 2020 and 30 June 2023 can be analysed with reference to the Company’s audited Net Asset Value of approximately US\$3.65 million as at 31 December 2019 and the Management’s projection in respect of movements in the Net Asset Value during the abovementioned periods.

For details on the basis for determination of the New Caps, please refer to the section headed “F. Basis for determination of the New Caps” in the “Letter from the Board of Directors”.

In this respect, we noted that the Management has made the following assumptions in regard to the projected increase in value of the Company’s listed and unlisted investment portfolio.

- (i) *20% annual growth in the Company’s Net Asset Value for listed investment portfolio*

Considering the Company’s listed investment portfolio had recorded a gain of approximately 14.2% for 2019, a loss of approximately 2.4% for 2018 and a gain of approximately 17.9% for 2017, the Management estimates that the Company’s investment will achieve a target return of approximately 20.0% per annum in coming years based on current and possible future market condition.

In this respect, we had referred to the annual performance of the Hang Seng Index from Jan 2017 to Dec 2019 and observed that the annual increase in the Hang Seng Index was approximately 9.1% and the annual increase in the Hang Seng China Enterprise Index was approximately 6.0%. We also noted that the performances of the indices do not take into account the element of dividend payout. Furthermore, we also noted the objective of the Investment Manager is not merely to track the indices, but to outperform them, which it has been able to achieve by outperforming the Hang Seng Index by 11.3% and 5.1% respectively in 2018 and 2019.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We also understood from the Management that given the broadening of investment objectives of the Company since November 2019, the Company is determined to divest more cash resources to investment in listed securities so as to achieve higher net asset value with the above target return.

Taken into consideration of the above factors, we are of the view that the Company's target return of approximately 20% per annum is practical and reasonable.

(ii) 10% annual growth in the Company's Net Asset Value for unlisted investment portfolio

We noted that the Company currently has only one unlisted investment, which is fully impaired, in its portfolio. According to the Management, investment in unlisted securities such as those of private equity nature typically has minimum investment size. Given the relatively small size of the Net Asset Value, the Company has not been able to identify any meaningful investment in unlisted securities. While the Company has no prevailing return that could be used as reference, we noted that the above proposed 10% annual growth lies within range of typical annualised return expected of investments in unlisted securities, such as those of private equity funds. Our findings were based on our review on third party market research reports on private equity and venture capital in 2019.

In view of the fact that the Company will take advantage of the fundraising opportunities when the market is conducive, the Directors believe additional capital raised by utilisation of general mandate will enable the Company to invest in unlisted investment projects which may generate an investment return of at least 10% per annum in the future.

On this basis, the estimated annual growth of the Company's unlisted investment portfolio is assumed to be approximately 10% which is in line with the Company's targeted return of such investment.

After taking into account that (i) the Management has adjusted down the New Caps in light of the fact that the Previous Caps were under-utilised; and (ii) the basis and rationale of the Company's assumptions used to derive the New Caps is practical and reasonable, we are of the view that the amendment to New Caps is fair and reasonable for the Continuing Connected Transaction.

We also noted the capricious stock market, and occasionally plunges, during the past few weeks caused by the COVID-19 outbreak and grim economic outlook. Given a large portion of the Company Net Asset Value is held in cash, we believe the current situation may be a good opportunity for the Company to invest the cash into under-valued listed securities which could provide good return in the medium term. According to the 2019 Results Announcement, the cash and bank balance of the Company amounted to approximately US\$3.4 million as at 31 December 2019, which represented approximately 93.7% of its Net Asset Value as at 31 December 2019.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

It is noted that the Investment Manager is entitled to the Management and Administration Fee and Incentive Fee if its performance targets are met pursuant to the Ninth Supplemental Agreement; and the Company has a contractual obligation to make related payments. Therefore, in the event that fees payable to the Investment Manager during the aforementioned relevant periods exceed the relevant New Caps, the Company will have to comply with the relevant provisions under Chapter 14A of the Listing Rules, including, without limitation, making further announcement and obtaining further approval from Independent Shareholders at that point in time before making the payments.

RECOMMENDATION

In view of the above principal factors and reasons, we are of the view that the (i) Continuing Connected Transaction and the New Caps pertaining to the Ninth Supplemental Agreement contemplated thereunder are in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Continuing Connected Transaction and the New Caps pertaining to the Ninth Supplemental Agreement are on normal commercial terms and in the ordinary and usual course of business of the Company and are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution to be proposed at the 2020 AGM to approve the Continuing Connected Transaction and the New Caps pertaining to the Ninth Supplemental Agreement contemplated thereunder at the 2020 AGM.

Yours faithfully,
For and on behalf of
Altus Capital Limited
Chang Sean Pey
Executive Director

Mr. Chang Sean Pey (“Mr. Chang”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Chang has over 20 years of experience in banking, corporate finance advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.

References in this Explanatory Statement to “Shares” mean fully paid up ordinary shares of US\$0.10 each in the share capital of the Company.

1. SHARE CAPITAL

As at 30 March 2020 (being the Latest Practicable Date prior to the printing of this document), the issued share capital of the Company comprised 10,686,000 Shares in the Company. Subject to the passing of the Ordinary Resolution 4 as set out in the Notice of Annual General Meeting on pages 58 to 62 and on the basis that no further Shares are issued or repurchased after the Latest Practicable Date and prior to the date of passing of such resolution, the Directors would be authorized to effect the repurchase of up to 1,068,600 Shares (being 10% of the Shares in issue) during the period up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or (iii) the revocation or variation of the Share Repurchase Mandate by an ordinary resolution of the Shareholders in a general meeting of the Company, whichever occurs first.

2. REASONS FOR REPURCHASE

The Directors believe that it is in the best interests of the Company and its Shareholders to have a general authority from Shareholders to enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share of the Company and will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders as a whole.

3. FUNDING OF REPURCHASES

The Share Repurchase Mandate would be funded from the available cash flow and/or working capital facilities of the Company. The funds employed by the Company in connection with a repurchase of Shares would be those legally available for such purpose under the Company’s M&A and the applicable laws of the Cayman Islands.

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements for the year ended 31 December 2019 contained in the 2019 Annual Report) in the event that the mandate to repurchase Shares were to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company at the time of the relevant repurchases unless the Directors determined that such repurchases were, taking into account all relevant factors, in the best interests of the Company.

4. DIRECTORS, THEIR CLOSE ASSOCIATES AND CORE CONNECTED PERSONS

To the best of the Directors’ knowledge after having made all reasonable enquiries, none of the Directors nor any of their close associates (as defined in Rule 1.01 of the Listing Rules) currently intends to sell any Shares to the Company or its subsidiaries under the Share Repurchase Mandate if such Share Repurchase Mandate is approved by Shareholders. No core connected persons (as defined in Rule 1.01 the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, nor have they undertaken not to do so in the event that the Share Repurchase Mandate is approved by Shareholders.

5. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Share Repurchase Mandate in accordance with the Listing Rules, the applicable laws of the Cayman Islands and in accordance with the regulations set out in the M&A.

6. TAKEOVERS CODE CONSEQUENCES

If on the exercise of the power to repurchase Shares pursuant to the Share Repurchase Mandate, a Shareholder’s proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase of the Shareholders’ interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, as far as the Directors were aware, the following entities or persons had interests or short positions in Shares or underlying Shares of the Company which were disclosed to the Company pursuant to provisions of Divisions 2 and 3 of Part XV of the SFO and were entered in the register required to be kept by the Company under section 336 of the SFO. The effect of the exercise of the Share Repurchase Mandate on their respective shareholding are also shown below:

Name	<i>Note</i>	Current shareholding percentage	New shareholding % if the Share Repurchase Mandate were fully exercised
Shanghai Industrial Investment (Holdings) Company Limited	(1)	17.64%	19.60%
Mr. Yuan Chufeng	(2)	16.67%	18.52%
Rosebrook Opportunities Fund LP		11.39%	12.65%

Notes:

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

APPENDIX I EXPLANATORY STATEMENT ON THE SHARE REPURCHASE MANDATE

In the event that the Directors exercise the Share Repurchase Mandate in full, as far as the Directors are aware, there will not be any consequences which may arise under the Takeovers Code. The public float of the Company will be maintained above 25% following exercise of the Share Repurchase Mandate.

7. SHARE REPURCHASE MADE BY THE COMPANY

The Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

8. SHARE PRICES

The highest and lowest traded prices for the Shares of the Company on the Stock Exchange during each of the last twelve months preceding the Latest Practicable Date were as follows:

	Highest	Lowest
	<i>US\$</i>	<i>US\$</i>
2019		
March	0.700	0.700
April	–	–
May	–	–
June	–	–
July	–	–
August	0.700	0.700
September	0.700	0.260
October	0.390	0.330
November	1.630	0.350
December	0.720	0.470
2020		
January	0.610	0.600
February	0.580	0.400
March (up to the Latest Practicable Date)	0.455	0.400

Note: The above information does not reflect the closing price of the Shares of the Company during the relevant period, which may be higher or lower than the traded price.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<i>Authorised share capital</i>		<i>US\$</i>
18,000,000	Shares @ US\$0.10 each	1,800,000
<hr/> <hr/>		<hr/> <hr/>
<i>Issued and fully paid</i>		<i>US\$</i>
10,686,000	Shares @ US\$0.10 each	1,068,600
<hr/> <hr/>		<hr/> <hr/>

3. DISCLOSURE OF INTERESTS

(i) Directors' interest or short positions in the shares, underlying shares and debentures of the Company and its associated companies

As at the Latest Practicable Date, none of the Directors, chief executive officers nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated companies (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

(ii) Directors' interest in contracts

As at the Latest Practicable Date, other than the Investment Management Agreement, no contracts or arrangement of significance to which the Company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the Latest Practicable Date.

(iii) Directors' interest in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to the Company since 31 December 2019, being the date of which the latest audited financial statements of the Company were made up or in any assets which are proposed to be acquired or disposed of by, or leased to, the Company.

4. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register of interest kept by the Company under section 336 of the SFO and so far as was known to the Directors or chief executive officer of the Company, the following details of the entities or persons (other than a Director or chief executive officer of the Company) who had an interest or short position in the Shares or underlying Shares in the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital (including any options in respect of such capital) carrying rights to vote in all circumstances at general meeting of the Company:

Name	<i>Note</i>	Current shareholding %
Shanghai Industrial Investment (Holdings) Company Limited	(1)	17.64%
Mr. Yuan Chufeng	(2)	16.67%
Rosebrook Opportunities Fund LP		11.39%

Notes:

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

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

5. LITIGATION

As at the Latest Practicable Date, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company.

6. SERVICE AGREEMENTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, a service contract with the Company which does not expire or is not terminable by the Company within one year without payment of compensation, other than statutory compensation.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Company since 31 December 2019, being the date of which the latest audited financial statements of the Company were made up.

8. EXPERT

The following is the qualification of the expert who has given opinion or advice which are contained in this circular:

Name	Qualification
Altus Capital Limited	A licensed corporation authorised to carry out types 4, 6 and 9 regulated activities of advising on securities, advising on corporate finance and asset management under the SFO.

To the best knowledge of the Directors, as at the Latest Practicable Date, Altus Capital Limited did not have any shareholding in the Company or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company.

To the best knowledge of the Directors, as at the Latest Practicable Date, Altus Capital Limited did not have any direct or indirect interest in any asset which had been acquired or disposed of by or leased to the Company, or are proposed to be acquired or disposed of by or leased to the Company, since 31 December 2019, being the date to which the latest published audited financial statements of the Company were made up.

Altus Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter dated 3 April 2020 and/or references to its name, in the form and context in which they respectively appear.

9. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Company (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them were a controlling shareholder).

10. MISCELLANEOUS

- (i) The registered office of the Company is located at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104 Cayman Islands and the principal place of business of the Company in Hong Kong is located at Room 1501, 15/F, Shanghai Industrial Investment Building, 48-62 Hennessy Road, Wanchai, Hong Kong.

- (ii) The company secretary of the Company is Ms. NG Yin Yuet Jenny, an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.
- (iii) The Company's share registrar and transfer office in Hong Kong is Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (iv) The English text of this circular and form of proxy shall prevail over the Chinese text in case of any inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Room 1501, 15/F, Shanghai Industrial Investment Building, 48-62 Hennessy Road, Wanchai, Hong Kong during normal business hours on any weekday (except public holidays) from the date of this circular up to and including the date of the 2020 AGM:

- (i) the Investment Management Agreement;
- (ii) the Supplemental Agreement;
- (iii) the Second Supplemental Agreement;
- (iv) the Third Supplemental Agreement;
- (v) the Fourth Supplemental Agreement;
- (vi) the Fifth Supplemental Agreement;
- (vii) the Sixth Supplemental Agreement;
- (viii) the Seventh Supplemental Agreement;
- (ix) the Eighth Supplemental Agreement;
- (x) the Ninth Supplemental Agreement;
- (xi) the M&A of the Company;
- (xii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 28 to 29 of this circular;
- (xiii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 30 to 44 of this circular; and
- (xiv) the letter of consent from the Independent Financial Adviser referred to paragraph 8 of this appendix.

(A) COMMON DIRECTORS

The biographical information of the Common Directors is set out below.

Dr. WANG Ching, an executive director of the Investment Manager and a candidate for re-election as an Executive Director of the Company

Dr. Wang, aged 64, was appointed as an Executive Director of the Company and an executive director of the Investment Manager in July 2007. He is also a member of the Remuneration Committee of the Company and is registered as one of the responsible officers (“**Responsible Officer**”) of the Investment Manager with the SFC to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities.

Being an executive director and Responsible Officer of the Investment Manager, Dr. Wang is responsible for reviewing the investment portfolio of listed securities and screening and examining potential IPO stock recommendations. His duties include attending weekly meetings with the investment team to monitor and recommend investment choices on listed investment portfolio for the Company. In respect of the monitoring of performance of unlisted investment, Dr. Wang either serves as a director or an observer on the board of directors of the investee company. He is currently appointed a non-executive director of the Company’s unlisted investment, GMG. In addition, as an Executive Director and one of the authorised representatives of the Company, Dr. Wang is responsible for overseeing regulatory compliance and investment functions of the Company.

Dr. Wang has over 20 years’ managerial experience in investment and commercial banking and fund management in the United States, Taiwan, Hong Kong and the PRC, with a wealth of experience in the securities and venture capital industries. Prior to joining the Investment Manager, Dr. Wang was the Chief Executive of investment and proprietary trading group of Jih Sun Financial Holding Company Limited (“**JSF**”) in Taiwan and Managing Director of JS Cresvale Securities International Limited (“**JS Cresvale**”, a subsidiary of JSF) in Hong Kong from 2003 to 2006. In relation to JSF, Dr. Wang was responsible for, among other things, managing trading portfolios, implementing internal control and risk management system in trading of securities and asset allocation on investment portfolio, as well as monitoring asset allocations on investment portfolio. In respect of JS Cresvale, Dr. Wang was responsible for, among other things, making investment decisions of JS Cresvale with focuses on securities listed in Hong Kong and convertible bonds. Dr. Wang was with Jih Sun Securities Co., Ltd. in Taiwan from 1998 to 2001 during which he was responsible for establishing its fund management business in Hong Kong, including making investment decisions and risk management on invested portfolio, and raising and managing a private equity fund and two venture capital funds in 1999. Dr. Wang was the Managing Director of SinoPac Securities (Asia) Limited in Hong Kong from 2001 to 2003, participated in corporate finance advisory work and led a research team on convertible bonds. He was a senior manager and a director of the Investment Banking Division of Standard Chartered Bank in Hong Kong from 1996 to 1998 providing advice relating to optimising return for investment portfolio and analysing investment opportunities.

Dr. Wang also serves as independent non-executive director of China Singyes Solar Technologies Holdings Limited, Luen Thai Holdings Limited and Minth Group Limited, all of which are listed on the Stock Exchange. He was previously an independent non-executive director of Yingde Gases Group Company Limited, which was listed on the Stock Exchange until 21 August 2017. All of these listed companies are third parties independent of the Company and connected persons of the Company.

Dr. Wang received his bachelor degree majoring in economics from the National Taiwan University in 1977. He obtained his Master's degree in business administration from the University of Houston and Ph.D. in finance from Columbia University in the city of New York.

Mr. LU Xuefang, a director and chairman of the Investment Manager and a Non-executive Director of the Company

Mr. Lu, aged 55, was appointed a Non-executive Director of the Company on 18 March 2019. He has been the director and chairman of the Investment Manager since 20 August 2018. He has been a member of the Investment Committee of the Company since November 2018.

As a director and chairman of the Investment Manager, Mr. Lu provides leadership for the board of the Investment Manager and ensure it works effectively. Since August 2018, he has been a director and the president of SIIC Investment Company Limited, the holding company of the Investment Manager and a wholly-owned subsidiary of SIICL (SIICL, together with its subsidiaries, the "SIIC Group") which became a substantial shareholder of the Company since December 2015. Mr. Lu oversees the operation of SIIC Investment Company Limited via various subsidiaries engaging in financial investment, property management, production and sales of consumer products, and hotel management on a day-to-day basis.

As a Non-executive Director of the Company, Mr. Lu oversees investment strategy and formulate investment policies for the Company. He will also identify fund-raising opportunities for the Company. As a member of the Investment Committee, Mr. Lu represents interests of Shareholders to review investment proposal and make recommendation.

Mr. Lu has over 24 years' experience in the fields of asset management, corporate and financial management, real estate and financial investment as well as capital markets operations. Mr. Lu joined the SIIC Group in 1996 and has held various positions in operating subsidiaries of the SIIC Group, including the head of investment department of SIIC Real Estate Holdings (Shanghai) Co., Ltd. (上實置業集團(上海)有限公司) from 1996 to 2000, the manager of financial investment department of Shanghai Cyber Galaxy Investment Co., Ltd. (上海星河數碼投資有限公司) from 2000 to 2006, the assistant general manager of finance and planning department of SIICL from 2006 to 2009 and the deputy general manager of Shanghai Cyber Galaxy Investment Co., Ltd (上海星河數碼投資有限公司) from 2009 to 2018. Further, Mr. Lu currently serves as a director in various private companies (including subsidiaries and affiliates of the SIIC Group) engaging in financial investment, property investment and management, consulting, production and sales of consumer products, and hotel operations. He is the chairman of The Tien Chu (Hong Kong) Company Limited, a subsidiary of the SIIC Group.

Mr. Lu graduated from Fudan University with a Bachelor's degree in International Politics in 1987 and a Master's degree in World Economics in 1995. He was a teaching assistant and a lecturer in the faculty of humanities and social science of the Shanghai Medical College of Fudan University (復旦大學上海醫學院) (formerly known as "Shanghai Medical University" (上海醫科大學)) over the period from 1987 to 1995 and a financial analyst in China Worldbest Group Co., Ltd. (中國華源集團有限公司) from 1995 to 1996.

Mr. NI Jianwei, a managing director of the Investment Manager and a candidate for re-election as a Non-executive Director of the Company

Mr. Ni, aged 53, was appointed as a Non-executive Director of the Company on 19 March 2015 and a director of the Investment Manager since 26 February 2015. Mr. Ni is registered as one of the Responsible Officers of the Investment Manager with the SFC to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities and was appointed managing director of the Investment Manager on 20 December 2016.

As a Non-executive Director of the Company, Mr. Ni brings an independent judgement and advice on various aspects, including the Company's policies, performance, accountability, potential conflicts of interests and contributes to fund-raising activities of the Company. Being a member of the Investment Committee, Mr. Ni participates in the management of unlisted investment portfolio sourcing deal flows and screening investment recommendations. He is also responsible for assessing and approving any investment and divestment of unlisted investments over US\$3 million.

Mr. Ni is currently a director of Shanghai Capital Management Co., Ltd., a company under SIIC Group engaging in equity investments in the PRC. Prior to this appointment, he was a director and vice president of SIIC Investment Company Limited from 2011 to 2018, the holding company of the Investment Manager and a wholly-owned subsidiary of SIICL, which became a substantial shareholder of the Company since December 2015.

Mr. Ni's previous roles and responsibilities within the SIIC Group include investment and management of proprietary trading of SIIC Group's securities hold for long-term purpose under group stabilizing investment strategy. He also participated in investment strategy on offshore investments and establishment of offshore investment subsidiaries, managing domestic and offshore assets of the SIIC Group.

Mr. Ni graduated from Harbin University of Science and Technology with a Bachelor's degree in Electrical Engineering and obtained his Master's degree in Business Administration (International) from the University of Hong Kong. He joined SIIC Group in 2000 as a senior manager in the investment banking department of Shanghai Industrial Asset Management Limited. He worked as general manager in the business division of Shanghai Industrial Pharmaceutical Investment Company Limited from 2005 to 2009 and general manager of Shanghai Nanyang Industrial Development Company Limited from 2009 to 2011. He has over 21 years' experience in corporate management, investment banking and capital markets operation.

Mr. WU Bin, a deputy managing director of the Investment Manager and an Executive Director of the Company

Mr. Wu, aged 46, was appointed as an Executive Director of the Company and deputy managing director of the Investment Manager in May 2007. He is also a member of the Remuneration Committee of the Company and is registered as one of the Responsible Officers of the Investment Manager with the SFC to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities.

Being a deputy managing director and Responsible Officer of the Investment Manager, Mr. Wu is responsible for attending weekly meetings with the investment team, managing unlisted investment portfolio, visiting target stock companies, analysing portfolio companies' performance and drafting due diligence reports on potential investment projects to the Company. Mr. Wu is also responsible for reviewing the investment portfolio of listed securities on a day-to-day basis, recommending investment decisions and performing risk assessment and management on investment portfolio.

Prior to joining the Company, Mr. Wu was the Assistant General Manager of Center for International Business Management with Shanghai International Group Co., Ltd. ("SIG") since 2006. Before that, he had been the Assistant General Manager of Investment Banking Department with Shanghai International Trust Corporation Ltd. since 2004, which is a subsidiary company of SIG and one of the substantial shareholders of the Company up till June 2016. From 1996 to 2004, he had held senior positions with foreign banking and securities institutions in the PRC. Mr. Wu has over 18 years' managerial experience in banking, securities and trust investment sectors in the PRC.

Mr. Wu obtained an MBA degree in Finance from Shanghai Jiao Tong University in 2002 and currently is a CFA charter holder. He also qualified as a lawyer in 2000.

(B) RETIRING DIRECTORS

The biographical information of the Retiring Directors, namely Dr. WANG Ching, Mr. NI Jianwei and Mr. ONG Ka Thai, eligible for re-election at the Annual General Meeting is set out below. Save as disclosed below, there is no other matter that need to be brought to the attention of the Shareholders and there is no information to be disclosed pursuant to any of the requirements of Rules 13.51(2)(h) to (v) of the Listing Rules in respect of the following Retiring Directors who stand for re-election at the 2020 AGM.

EXECUTIVE DIRECTOR**Dr. WANG Ching**

Please refer to the biographical information of Dr. Wang set out under the section "Common Directors".

Dr. Wang entered into a service contract with the Company for an indefinite term, with no entitlement to any remuneration from the Company, but he is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles.

Save as disclosed above, Dr. Wang has not held other directorship in any publicly listed companies in the last three years and is not related to any Director, senior management or substantial or controlling Shareholder of the Company. As at the Latest Practicable Date, he does not have any interest in the Shares of the Company within the meaning of Part XV of the SFO.

NON-EXECUTIVE DIRECTOR**Mr. NI Jianwei**

Please refer to the biographical information of Mr. Ni set out under the section “Common Directors”.

Mr. Ni entered into a service contract with the Company for an indefinite term, with no entitlement to any remuneration from the Company, but he is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles.

Save as disclosed above, Mr. Ni has not held other directorship in any publicly listed companies in the last three years and is not related to any Director, senior management or substantial or controlling Shareholder of the Company. As at the Latest Practicable Date, he does not have any interest in the Shares of the Company within the meaning of Part XV of the SFO.

INDEPENDENT NON-EXECUTIVE DIRECTOR**Mr. ONG Ka Thai**

Mr. Ong, aged 65, was appointed as an INED of the Company in June 1997. He is also the Chairman of the Remuneration Committee and a member of the audit committee and Nomination Committee of the Company. Mr. Ong is currently the Chairman of various companies including Ong Pacific (H.K.) Ltd., Ong Pacific Capital Ltd., Ong First Tradition Holdings Pte. Ltd., Ong Commodities Pte. Ltd. and Ong Pacific Pte. Ltd.. He is also the Senior Advisor to AIGF (ASEAN Industrial Growth Fund), a private equity fund that is co-managed by Mitsubishi Corporation, CIMB Group and Development Bank of Japan Inc.. These companies are third parties independent of the Company and connected persons of the Company. Mr. Ong holds a Bachelor of Arts degree major in Economics from the University of California at Los Angeles.

Mr. Ong had served as CEO for a number of multinational joint ventures. He was an independent non-executive director of Singamas Container Holdings Ltd. for 20 years, a company listed on the Stock Exchange and a third party independent of the Company and connected persons of the Company. Mr. Ong was previously an independent non-executive director of China Bohai Bank Limited.

Mr. Ong has over 43 years of experience in manufacturing, corporate and trade finance, regional equity, futures and commodities trading, investment banking and corporate advisory services, as well as direct and private equity investments.

Mr. Ong entered into a service contract with the Company for a term of three years and is subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the Articles. He is entitled to an annual director's fee of HK\$130,000 and is not entitled to any bonus payments, whether fixed or discretionary in nature. The fee payable to him is determined by the Board with reference to remuneration benchmark in the prevailing market.

Save as disclosed above, Mr. Ong has not held other directorship in any publicly listed companies in the last three years and is not related to any Director, senior management or substantial or controlling Shareholder of the Company. As at the Latest Practicable Date, he does not have any interest in the Shares of the Company within the meaning of Part XV of the SFO.

Mr. Ong has served as an INED for more than nine years. During his years of appointment, he has demonstrated his ability to provide an independent view on the Company's matters. Notwithstanding his years of service as an INED, the Board is of the opinion that Mr. Ong's knowledge and experience in the Company's business will continue to generate valuable contribution to the Board, the Company and the Shareholders as a whole and thus recommends him for re-election at the 2020 AGM.

NOTICE OF ANNUAL GENERAL MEETING

SHANGHAI INTERNATIONAL SHANGHAI GROWTH INVESTMENT LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 770)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shanghai International Shanghai Growth Investment Limited (the “**Company**”) will be held at the Ball Room, 1/F, South Pacific Hotel, 23 Morrison Hill Road, Wanchai, Hong Kong on Friday, 22 May 2020 at 10:30 a.m. for the following purposes:

1. to receive and adopt the audited financial statements of the Company together with the reports of the directors and the auditor for the year ended 31 December 2019;
2. to re-elect directors and to authorise the board of directors to fix the directors’ remuneration; and
3. to re-appoint Ernst & Young as auditor of the Company and to authorise the board of directors to fix its remuneration.

As special business, to consider and if thought fit, pass with or without amendments the following resolutions as Ordinary Resolutions:

ORDINARY RESOLUTIONS

4. “**THAT:**
 - (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares in the capital of the Company, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
 - (b) the manner in which the shares in the capital of the Company may be repurchased shall be at the discretion of the directors of the Company as they may from time to time see fit provided that such repurchases shall be effected by on-market purchases on The Stock Exchange of Hong Kong Limited or on any other stock exchange recognised for this purpose by the Securities and Futures Commission and The Stock Exchange of Hong Kong Limited under the Hong Kong Code on Share Buy-backs and in accordance with the relevant rules of The Stock Exchange of Hong Kong Limited or such other exchange and the aggregate number of issued shares in the capital of the Company which may be repurchased pursuant to the approval in paragraph (a) above shall not exceed 10 per cent of the aggregate number of shares in the capital of the Company in issue at the date of passing this Resolution, and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

- (c) for the purpose of this Resolution:

“**Relevant Period**” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting.”

5. “**THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company, shall not exceed the aggregate of:
 - (i) 20 per cent of the aggregate number of shares in the capital of the Company in issue at the date of passing this Resolution, plus
 - (ii) subject to passing of the following Ordinary Resolution 6, the number of shares in the capital of the Company repurchased by the Company subsequent to the passing of this Resolution (up to a maximum equivalent to 10 per cent of the aggregate number of shares in the capital of the Company in issue at the date of passing this Resolution), and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(d) for the purpose of this Resolution:

“**Relevant Period**” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting.

“**Rights Issue**” means an offer of shares open for a period fixed by the directors of the Company to holders of shares in the capital of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof as at that date (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

6. “**THAT** the directors of the Company be and are hereby authorised to exercise the powers of the Company referred to in paragraph (a) of the resolution set out as Resolution 5 in the notice of this meeting in respect of the share capital of the Company referred to in sub-paragraph (ii) of paragraph (c) of such resolution.”

7. “**THAT:**

- (a) the ninth supplemental agreement (the “**Ninth Supplemental Agreement**”) dated 17 March 2020 entered into between the Company and Shanghai International Asset Management (Hong Kong) Company Limited (a copy of which is tabled at the meeting and marked “**A**” and initialed by the chairman of the meeting for identification purpose), which is supplemental to the investment management and administration agreement (the “**Investment Management Agreement**”) dated 12 November 1993 entered into between the Company and Shanghai International Asset Management (Hong Kong) Company Limited (a copy of which is tabled at the meeting and marked “**B**” and initialed by the chairman of the meeting for identification purpose), pursuant to which the Company appointed Shanghai International Asset Management (Hong Kong) Company Limited to provide Investment Management Services (as defined in the circular of the Company dated 3 April 2020 (the “**Circular**”), a copy of which is tabled at the meeting and marked “**C**” and initialed by the chairman of the meeting for identification purpose) to the Company, and the terms thereof and the transactions contemplated under the Investment Management Agreement (as amended by the Ninth Supplemental Agreement) and the implementation thereof be and are hereby approved, ratified and confirmed;

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- (b) the proposed New Caps (as defined in the Circular) in relation to the Continuing Connected Transaction (as defined in the Circular) for each of the periods from 1 July 2020 to 31 December 2020 inclusive, for the year 2021, for the year 2022 and from 1 January 2023 to 30 June 2023 inclusive being US\$65,000 (approximately HK\$507,000), US\$160,000 (approximately HK\$1,248,000), US\$210,000 (approximately HK\$1,638,000) and US\$130,000 (approximately HK\$1,014,000) respectively be and are hereby approved; and
- (c) any one director of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/them to be incidental to, ancillary to or in connection with the matters contemplated in the Ninth Supplemental Agreement and/or the Continuing Connected Transaction contemplated thereunder.”

By Order of the Board
SHANGHAI INTERNATIONAL
SHANGHAI GROWTH INVESTMENT LIMITED
NG Yin Yuet Jenny
Company Secretary

Hong Kong, 3 April 2020

Notes:

1. A member entitled to attend and vote at the Annual General Meeting convened by the above notice is entitled to appoint a proxy to attend and, in the event of a poll, vote on his behalf. A proxy need not be a member of the Company. In light of the global pandemic caused by the novel coronavirus pneumonia (COVID-19) and efforts of the Government of Hong Kong to contain and prevent the further spread and escalation of COVID-19, Shareholders may consider appointing the Chairman of the Meeting as his/her proxy to vote on the resolutions, instead of attending the Meeting in person.
2. In order to be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power of attorney or authority must be lodged at the Company's share registrar in Hong Kong, Tricor Secretaries Limited (“**Tricor**”) at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the Annual General Meeting or adjourned meeting. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the Annual General Meeting or any adjourned meeting should he so wish.
3. The record date for determining the shareholders' right to attend and vote at the Company's Annual General Meeting is Monday, 18 May 2020. The register of members of the Company will be closed from Monday, 18 May 2020 to Friday, 22 May 2020 (both days inclusive) during which no transfer of shares will be registered. To be eligible to attend and vote at the Annual General Meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Tricor, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 pm on Friday, 15 May 2020.
4. In relation to Resolution 2, the retiring directors standing for re-election at the Meeting are Dr. WANG Ching, Mr. NI Jianwei and Mr. ONG Ka Thai. Biographical details of the above directors are disclosed in Appendix III to the Circular to be dispatched to members of the Company together with this notice and the 2019 Annual Report.
5. In relation to Resolution 4, an explanatory statement on share repurchase (as required by the Listing Rules) is set out in Appendix I to the Circular.

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6. By Resolution 7, approval is being sought from members of the Company in respect of the non-exempt continuing connected transaction in relation to the Ninth Supplemental Agreement supplemental to the Investment Management Agreement. A letter from the Company's independent financial adviser, Altus Capital Limited, to the independent shareholders of the Company (as required by the Listing Rules) is set out in the Circular.
7. In the event the proposed venue for the Annual General Meeting shall be closed, or it is otherwise not possible to hold the Annual General Meeting on Friday, 22 May 2020 due to policies and/or regulations of the Government of Hong Kong in effect to combat the spread of the COVID-19, the Annual General Meeting shall stand adjourned to such date, time and venue as shall be decided by the Board. In such event, the Company will publish an announcement on the websites of the Stock Exchange and the Company to notify Shareholders of the date, time and venue of the adjourned meeting.