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SHANGHAI INTERNATIONAL SHANGHAI GROWTH INVESTMENT LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 770)

2023 INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

The Board of Directors (the “Board”) of Shanghai International Shanghai Growth Investment Limited (the “Company”) is pleased to announce the unaudited interim results of the Company for the six months ended 30 June 2023, along with comparative figures for the corresponding period in 2022. The unaudited interim results have been reviewed by the Company’s audit committee (“Audit Committee”) and the Company’s external auditors.

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		For the six months ended	
		30 June	
	<i>Notes</i>	2023	2022
		(Unaudited)	(Unaudited)
		US\$	US\$
INCOME AND LOSS ON INVESTMENTS			
Interest income		5,620	16
Dividend income		16,883	14,130
Net change in unrealised loss on fair value of financial assets at fair value through profit or loss	6	(12,146)	(13,339)
Net gain/(loss) on disposal of financial assets at fair value through profit or loss	6	66,173	(375,352)
Exchange loss		(4,999)	(6,148)
Other income		–	4,078
		71,531	(376,615)
EXPENSES			
Investment manager’s fees	15(a)	(19,992)	(28,094)
Administrative expenses		(219,989)	(203,380)
		(239,981)	(231,474)
Loss before tax	7	(168,450)	(608,089)
Income tax expense	8	–	–
LOSS FOR THE PERIOD		(168,450)	(608,089)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(168,450)	(608,089)
LOSS PER SHARE – BASIC AND DILUTED	10	US1.58 cents	US5.69 cents

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

30 June 2023

	<i>Notes</i>	30 June 2023 (Unaudited) US\$	31 December 2022 (Audited) US\$
NON-CURRENT ASSET			
Financial assets at fair value through profit or loss	<i>11</i>	–	452,856
Total non-current asset		–	452,856
CURRENT ASSETS			
Prepayments		19,340	43,675
Financial assets at fair value through profit or loss	<i>11</i>	341,769	–
Cash and bank balances	<i>12</i>	1,561,089	1,636,507
Total current assets		1,922,198	1,680,182
CURRENT LIABILITIES			
Provision and accruals		45,202	70,080
Amount due to the investment manager	<i>15(b)</i>	34,869	52,381
Total current liabilities		80,071	122,461
NET CURRENT ASSETS		1,842,127	1,557,721
NET ASSETS		1,842,127	2,010,577
EQUITY			
Share capital	<i>13</i>	1,068,600	1,068,600
Reserves		773,527	941,977
Total equity		1,842,127	2,010,577
NET ASSET VALUE PER SHARE	<i>14</i>	0.17	0.19

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Share capital US\$	Share premium account US\$	Capital reserve US\$ (Note a)	Accumulated losses US\$	Total US\$
At 31 December 2022 (audited)	1,068,600	12,921,815*	(5,831,040)*	(6,148,798)*	2,010,577
Total comprehensive loss for the period	-	-	-	(168,450)	(168,450)
Transfer from accumulated losses (Note a): Net change in unrealised loss on fair value of financial assets at fair value through profit or loss	-	-	(12,146)	12,146	-
At 30 June 2023 (unaudited)	<u>1,068,600</u>	<u>12,921,815*</u>	<u>(5,843,186)*</u>	<u>(6,305,102)*</u>	<u>1,842,127</u>
	Share capital US\$	Share premium account US\$	Capital reserve US\$ (Note a)	Accumulated losses US\$	Total US\$
At 31 December 2021 (audited)	1,068,600	12,921,815	(5,852,250)	(5,157,075)	2,981,090
Total comprehensive loss for the period	-	-	-	(608,089)	(608,089)
Transfer from accumulated losses (Note a): Net change in unrealised loss on fair value of financial assets at fair value through profit or loss	-	-	(13,339)	13,339	-
At 30 June 2022 (unaudited)	<u>1,068,600</u>	<u>12,921,815*</u>	<u>(5,865,589)*</u>	<u>(5,751,825)*</u>	<u>2,373,001</u>

* These reserve accounts comprise the reserves of US\$773,527 (31 December 2022 (audited): US\$941,977; six months ended 30 June 2022 (unaudited): US\$1,304,401) in the interim condensed statement of financial position.

Note:

- (a) Pursuant to the Company's Amended and Restated Memorandum and Articles of Association passed on 29 November 2022, profits arising from the realisation of investments shall be available for distribution as dividends. Profits arising from revaluation of investments may be available for distribution as dividends only at the discretion of the board of directors. As a result, a net change in unrealised loss on fair value of financial assets at fair value through profit or loss is transferred from accumulated losses to capital reserve.

During the six months ended 30 June 2023, a net change in unrealised loss on fair value of financial assets at fair value through profit or loss of US\$12,146 was transferred from accumulated losses to capital reserve (six months ended 30 June 2022: net unrealised loss of US\$13,339).

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

For the six months ended 30 June 2023

1. CORPORATE INFORMATION

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

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

2. BASIS OF PREPARATION

The interim condensed financial information for the six months ended 30 June 2023 has been prepared in accordance with HKAS 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. This interim condensed financial information is presented in United States dollars (“US\$”) and all values are rounded to the nearest dollar except when otherwise indicated.

The interim condensed financial information does not include all the information and disclosures required in the Company’s annual financial statements for 2023 but is derived from those financial statements, and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

3. ACCOUNTING JUDGEMENTS AND ESTIMATES

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

The significant judgements made by management in applying the Company’s accounting policies and key sources of uncertainty were the same as those applied in the preparation of the annual financial statements for the year ended 31 December 2022.

4. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial information are consistent with those applied in the preparation of the Company's annual financial statements for the year ended 31 December 2022.

5. OPERATING SEGMENT INFORMATION

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

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

Further details of the Company's investments are included in note 11 to the interim condensed financial information.

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

For the six months ended 30 June 2023

	Listed securities (Unaudited) US\$	Unlisted securities (Unaudited) US\$	Total (Unaudited) US\$
Segment results	70,910	–	70,910
Interest income from bank deposits			5,620
Exchange loss			(4,999)
Other income			–
Unallocated expenses			(239,981)
Loss before tax			(168,450)

For the six months ended 30 June 2023, segment results represented the net gain on disposal of listed equity securities classified as financial assets at fair value through profit or loss and net loss on change in fair value of listed equity securities classified as financial assets at fair value through profit or loss, and the corresponding dividend income earned by each segment without the allocation of interest income from bank deposits, administrative expenses as well as the investment manager's fees.

For the six months ended 30 June 2022

	Listed securities (Unaudited) US\$	Unlisted securities (Unaudited) US\$	Total (Unaudited) US\$
Segment results	<u>(374,561)</u>	<u>–</u>	(374,561)
Interest income from bank deposits			16
Exchange loss			(6,148)
Other income			4,078
Unallocated expenses			<u>(231,474)</u>
Loss before tax			<u>(608,089)</u>

For the six months ended 30 June 2022, segment results represented the net loss on disposal of listed equity securities classified as financial assets at fair value through profit or loss and net loss on change in fair value of listed equity securities classified as financial assets at fair value through profit or loss, and the corresponding dividend income earned by each segment without the allocation of interest income from bank deposits, administrative expenses as well as the investment manager's fees.

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

The following tables present the asset information of the Company's operating segments as at 30 June 2023 and 31 December 2022:

As at 30 June 2023

	Listed securities (Unaudited) US\$	Unlisted securities (Unaudited) US\$	Total (Unaudited) US\$
Financial assets at fair value through profit or loss	<u>341,769</u>	<u>–</u>	<u>341,769</u>
Total segment assets	<u><u>341,769</u></u>	<u><u>–</u></u>	<u>341,769</u>
Unallocated assets			<u>1,580,429</u>
Total assets			<u><u>1,922,198</u></u>

As at 31 December 2022

	Listed securities (Audited) US\$	Unlisted securities (Audited) US\$	Total (Audited) US\$
Financial assets at fair value through profit or loss	<u>452,856</u>	<u>–</u>	<u>452,856</u>
Total segment assets	<u><u>452,856</u></u>	<u><u>–</u></u>	<u>452,856</u>
Unallocated assets			<u>1,680,182</u>
Total assets			<u><u>2,133,038</u></u>

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

All liabilities as at 30 June 2023 and 31 December 2022 were unallocated liabilities.

6. GAIN/(LOSS) ON INVESTMENTS

For the six months ended 30 June 2023

	Listed securities (Unaudited) US\$	Unlisted securities (Unaudited) US\$	Total (Unaudited) US\$
<i>Included in profit or loss:</i>			
Realised gain:			
Financial assets at fair value through profit or loss	66,173	–	66,173
Unrealised loss:			
Financial assets at fair value through profit or loss	(12,146)	–	(12,146)
Total realised and unrealised gain included in profit or loss	54,027	–	54,027
Total realised and unrealised gain for the period	54,027	–	54,027

For the six months ended 30 June 2022

	Listed securities (Unaudited) US\$	Unlisted securities (Unaudited) US\$	Total (Unaudited) US\$
<i>Included in profit or loss:</i>			
Realised loss:			
Financial assets at fair value through profit or loss	(375,352)	–	(375,352)
Unrealised loss:			
Financial assets at fair value through profit or loss	(13,339)	–	(13,339)
Total realised and unrealised loss included in profit or loss	(388,691)	–	(388,691)
Total realised and unrealised loss for the period	(388,691)	–	(388,691)

7. LOSS BEFORE TAX

The Company's loss before tax is arrived at after charging:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	US\$	US\$
Auditor's remuneration	12,506	12,490
Custodian fee	4,075	4,666
Employee benefit expense (excluding directors' remuneration)		
Salaries and other benefits	80,270	92,622
Retirement benefit costs	1,912	2,319
	<u> </u>	<u> </u>

8. TAXATION

No provision for Hong Kong profits tax has been made in the interim condensed financial information as the Company did not generate assessable profits arising in Hong Kong for the six months ended 30 June 2023 (six months ended 30 June 2022 (unaudited): Nil).

9. DIVIDEND

No interim dividend has been proposed by the directors for the six months ended 30 June 2023 (six months ended 30 June 2022 (unaudited): Nil).

10. LOSS PER SHARE – BASIC AND DILUTED

The calculation of the basic loss per share amount is based on the loss for the period of US\$168,450 (six months ended 30 June 2022 (unaudited): US\$608,089) and the weighted average number of ordinary shares of 10,686,000 (six months ended 30 June 2022 (unaudited): 10,686,000) in issue during the period.

No adjustment has been made to the basic loss per share amount for the six months ended 30 June 2023 and 2022 in respect of a dilution as the Company had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2023 and 2022.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023 (Unaudited) US\$	31 December 2022 (Audited) US\$
Non-current:		
Unlisted equity investment – Ordinary shares, at fair value:		
Global Market Group Limited (“GMG”)	–	–
Listed equity investments, at fair value	–	452,856
Current:		
Listed equity investments, at fair value	<u>341,769</u>	<u>–</u>
Total	<u>341,769</u>	<u>452,856</u>

Unlisted equity investment – Ordinary shares, at fair value:

The above unlisted investment at 30 June 2023 was a total of 8,734,897 ordinary shares of GMG held by the Company (31 December 2022: 8,734,897 shares), representing 9.36% of GMG’s total issued ordinary shares (31 December 2022: 9.36%).

As at 30 June 2023 and 31 December 2022, the value of GMG’s ordinary shares was measured using the relative valuation model. Management considered both quantitative and qualitative information including GMG’s financial performance and its ability to attract new funding in the future. During the six months ended 30 June 2023 and year ended 31 December 2022, based on the available financial information, management believed that GMG would not have sufficient working capital to maintain its business operation due to continuous operating losses and potential contingent liabilities involved. In addition, GMG had no clear business plan and capital raising plan in the near future. Hence, management believed that GMG’s business model would not be sustainable. As at 30 June 2023, the unlisted investment was valued at nil (31 December 2022: Nil).

Listed equity investments, at fair value:

The Company’s investments in listed equity securities are designated by the Company as at fair value through profit or loss. The Company considered these investments to be strategic in nature.

During the six months ended 30 June 2023, the net fair value gain in respect of the Company’s investments in Hong Kong recognised in profit or loss amounted to US\$54,027, of which a net gain of US\$66,173 was recognised upon disposal of the listed equity investments for the period.

During the six months ended 30 June 2022, the net fair value loss in respect of the Company’s investments in Hong Kong recognised in profit or loss amounted to US\$388,691, of which a net loss of US\$375,352 was recognised upon disposal of the listed equity investments for the period.

12. CASH AND BANK BALANCES

Cash at bank earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with a creditworthy bank with no recent history of default.

13. SHARE CAPITAL

	30 June 2023 (Unaudited) US\$	31 December 2022 (Audited) US\$
Authorised:		
18,000,000 (2022: 18,000,000) ordinary shares of US\$0.10 each	1,800,000	1,800,000
Issued and fully paid:		
10,686,000 (2022: 10,686,000) ordinary shares of US\$0.10 each	1,068,600	1,068,600

14. NET ASSET VALUE PER SHARE

The calculation of the net asset value (“NAV”) per share is based on the Company’s NAV as at 30 June 2023 of US\$1,842,127 (31 December 2022 (audited): US\$2,010,577) and the number of ordinary shares of 10,686,000 in issue as at 30 June 2023 (31 December 2022 (audited): 10,686,000).

15. RELATED PARTY TRANSACTIONS

(a) Fees

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

		For the six months ended 30 June	
	<i>Note</i>	2023 (Unaudited) US\$	2022 (Unaudited) US\$
Investment management and administration fees charged by the Investment Manager	<i>(i)</i>	19,992	28,094

Note:

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

In accordance with the terms of the investment management agreement and nine supplemental agreements (collectively the “Investment Management Agreements”), the management and administration fees are calculated and payable quarterly in advance at 0.5% of the NAV (calculated before deductions of the fees payable to the Investment Manager, and the custodian for that quarter) of the Company calculated on the last business day of the previous quarter.

With effect from the year ended 31 December 2014, the Investment Manager is entitled to an incentive fee equal to 20% of the excess amount by which the NAV of the Company as at 31 December of each year exceeds the high water mark, i.e. the highest NAV as at 31 December in any year less the aggregate amount of all dividends paid by the Company during the year. As defined in the Ninth Supplemental Agreement dated 17 March 2020 to the Investment Management Agreement, the high water mark has been reset to the NAV as at 31 December 2016, being US\$8,182,713.

During the six months ended 30 June 2023, the Investment Manager was not entitled to receive any incentive fee in relation to the performance of the Company (six months ended 30 June 2022 (unaudited): Nil) in accordance with the incentive fee calculation of the Investment Management Agreements.

(b) Outstanding balance with a related party:

The Company had an outstanding balance due to the investment manager of US\$34,869 (31 December 2022 (audited): US\$52,381) as at the end of the reporting period. This balance is unsecured, interest-free, and repayable on demand.

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

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	US\$	US\$
Directors’ fees	24,864	24,902

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Company recorded an unaudited net loss of US\$168,450 for the six months ended 30 June 2023 (six months ended 30 June 2022: US\$608,089). The decrease in net losses was due to increase in gains on investment in listed securities as compared with same period last year.

For the six months ended 30 June 2023, the Company recorded a realised gain on disposal of listed securities of US\$66,173 (six months ended 30 June 2022: a realised loss of US\$375,352) and a net change in unrealised loss on listed securities of US\$12,146 (six months ended 30 June 2022: US\$13,339). Dividend income from listed securities of US\$16,883 was recorded in the reporting period as compared to US\$14,130 in the last corresponding period. As a result, the Company recorded overall gain of US\$70,910 on listed securities investment offset by the operating costs of US\$239,981 during the first half of 2023 that led to net loss.

Hong Kong stock market in 2023 started off strongly as the market focus on the rebound of economic activities after the end of COVID-19-related restrictions in China. For June 2023, Hang Seng Index closed at 18,916 point, fell by 4.37% and the Hang Seng China Enterprise Index was down by 4.18%. The most outperforming industry sectors for the period were oil, coal, banking and telecommunications while property management, healthcare, auto retailing and education were some of the most underperforming sectors. The Company's listed securities portfolio recorded a positive return of 3.55%, outperformed significantly against a falling market. The Company restricted to invest in five sectors during the period. These sectors are tech-related, healthcare, new energy, consumption and telecommunications and semiconductors, their performance ranged from -21.8% to +9.34% for the first half of 2023.

As at 30 June 2023, the company's net asset value ("NAV") was US\$0.17, which was lower than the NAV of US\$0.19 at the end of 2022. Owing to the fact that, while listed securities investment recorded a positive return, it was not enough to offset operating costs, resulting in a 10.53% drop in NAV. As at 30 June 2023, the Company's share price was US\$0.133, reflecting a 21.76% discount to the NAV per share.

INVESTMENT REVIEW

Portfolio Allocation

	30 June 2023	31 December 2022
Listed investments	19%	23%
Cash and cash equivalents	81%	77%
Unlisted investment	0%	0%
Total	100%	100%

LISTED INVESTMENTS REVIEW

Hong Kong Stock Market

Hong Kong stock market in 2023 started off strongly as the market focus on the rebound of economic activities after the end of COVID-19-related restrictions in China.

In January, the Hang Seng Index (“HSI”) surged approximately 2,288 points to 22,069 point. In addition to the post-COVID-19 market re-opening, increasing fiscal spending and policies in support of property developments shored up investors’ confidence to the stock markets. Dampening inflationary pressure in the US also improved market sentiments.

However, geopolitical tension between the two largest economies heightened. Together with the hawkish Fed rhetoric regarding the interest rate outlook, the market took a dive of around 2,056 points, ending HSI below 20,000 points.

In the next two months, with the collapse of various mid-sized banks in the US, the HSI tanked to below 19,000 point. The market rebounded in April with some of the China’s largest tech companies showed upbeat earnings recovery and the US was pumping more liquidity to relieve the banking crisis. The weak RMB and the drama of debt ceiling in the US further exacerbated the market volatility in May to as low as 18,045 point.

In June, the market rebounded on China’s lowering interest rates and consideration of a broad package of stimulus measures. The US rate might halt for a short while also boosted market sentiment. The HSI ended for the month at 18,916 point.

For the first interim of 2023, the HSI and Hang Seng China Enterprise Index was down 4.37% and 4.18% respectively. The most outperforming industry sectors for the period were oil, coal, banking and telecommunications while property management, healthcare, auto retailing and education were some of the most underperforming sectors.

The return of the Company's listed investment portfolio for the first half of 2023 was a gain of 3.55%, outperformed significantly against a falling market. The five sectors' performances for the period, which we are restricted to invest in are shown as below:

The table below shows the 5 sectors' performance:

Industry Sectors	1st half of 2023
Tech-related (Cloud, software, media, IT platform)	-5.27%
Healthcare	-21.80%
New Energy (materials & power generations)	+2.70%
Consumption (clothing, jewellery, appliances, & drinks)	-7.13%
Telecommunication & Semi (tele-related, hardware & semiconductors)	+9.34%

Note: Since the two major sectors are tech-related and healthcare, in order to be representative, the above performance figures used are Hang Seng Tech Index and Hang Seng Healthcare Index. The other three sectors are simply average returns of stocks within each of the respective sector.

The Investment Manager started off the year 2023 with a cautious view because the stock market rally was started off in November 2022 and was built on economic recovery expectation. As such, it was often short-lived. Hence, the strategy was to sell into the market rally and took advantage of the situation by shifting into sectors that offer values and sustainability. That proved to be a rewarding strategy against a peaking stock market during January and started to decline from February. Tech-related stocks were sold in exchange of telecommunication stocks, which offered high yield and certainty in earnings outlook, regardless of geopolitical tensions.

Towards the mid-year, amid severe market correction, the Investment Manager re-entered into internet-related tech stocks believing that internet companies' fundamental profitability have improved, coupled with the soon-to-be-ended interest rate hike cycle, the internet sector will be one of the major beneficiaries.

UNLISTED INVESTMENT REVIEW

As at 30 June 2023, the Company held one unlisted securities investment but was fully impaired. No new investment was consummated in the first half of 2023 in view of the Company's limited cash resources.

PROSPECTS

The global economic outlook is fragile given the geopolitical tensions between China and the US, the magnitude of U.S. money printing and the breaking up of global supply chain. None of these outcomes are conclusive or going to be resolved within a short period of time. Hence, the stability of our economy depends entirely on China's ability to have a timely stimulus measures necessary to counterbalance the global headwind. Moreover, there is optimism on the interest rate outlook which most likely will stop hiking for a short period of time before the Fed start buying back its own debts.

Within the 5 industry sectors in listed securities investment, the Investment Manager will focus primarily on the recovery of domestic economic activities, hence internet-related tech stocks and consumption related themes will be the first priority in the investment portfolio. The outlook of healthcare companies is also becoming more promising as less macro-control are being imposed. Given the constrained opportunity and limited resources along with the diminishing asset size of the Company, the Investment Manager will continue to adhere the best possible investment strategy and remain cautious on any potential risks.

KEY PERFORMANCE INDICATOR

The board of Directors (the “Board”) considers that periodic NAV of the Company is a significant financial indicator by which the development and performance of the Company’s business can be measured effectively.

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL COMMITMENT

During the first half of 2023, the Company did not participate in any new unlisted investment. The Company’s cash and bank balances as of 30 June 2023 were US\$1,561,089 (31 December 2022: US\$1,636,507). Apart from listed securities investments, cash were used for operating and administrative expenses. The Company did not have any bank borrowing or capital commitment on its unlisted investment as of 30 June 2023 and 31 December 2022 respectively.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

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

EMPLOYEES

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2023, the Company did not purchase, sell or redeem any of the Company’s listed securities.

CORPORATE GOVERNANCE

The Company is committed to maintaining sound corporate governance standards and procedures to ensure integrity, transparency and quality of disclosure to promote the ongoing development of the long term best interests of the Company and to enhance value for all its shareholders. The Board has established procedures on corporate governance that comply with the requirements of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Listing Rules. The Board has reviewed and taken measures to adopt the CG Code as the Company’s code of corporate governance practices. During the six months ended 30 June 2023, the Company has complied with the code provisions (the “Code Provisions”) under the CG Code, save and except for the deviations as described below.

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

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

Code Provision F.2.2 provides that, among others, the chairman of the board should attend the annual general meeting of the listed issuer. As stated in the above, no chairman has been appointed or designated by the Company. Given all Directors are collectively responsible for the Company’s stewardship, the Board considers that it was adequate for the Board to elect a Director to chair the annual general meeting of the Company held on 17 May 2023.

Code Provision B.2.4(b) provides that where all the Independent Non-executive Directors (“INEDs”) of a listed company have served more than 9 years on the board, the listed company should appoint a new INED on the board at the forthcoming annual general meeting for the financial year commencing on or after 1 January 2023.

During the six months ended 30 June 2023 and up to date of this announcement, all the INEDs of the Company have served more than 9 years on the Board. No new INED has been appointed to the Board as at the date of this announcement. The Board has considered the recruitment of INED through internal and external sources (for example, personal contacts of current Board members, or by referral of the Company’s business associates). However, emigration wave in recent year which led to an outflow of talent and the macroeconomic conditions which brought economic volatility and uncertainties to the securities market and securities and investment industry posed difficulties for the Company in identifying a suitable INED candidate. The Board will keep searching for suitable candidates.

All the INEDs are familiar with the operation of the Company and continue to provide objective input and invaluable contribution to the Board. Notwithstanding the length of service of all the INEDs of the Company is longer than 9 years, the Board is of the view that the existing Board composition will not impair the independence of the Board. As stated in the above, in view of the streamlined structure of the Company, the Board as a whole is responsible for formulating the Company's investment strategy, policies and guidelines, based on which the Investment Manager is responsible for identifying and evaluating investment opportunities and manages the daily operations and administration of the Company's investment portfolio. None of the INEDs are involved in the daily management of the Company. The Board has also annually assessed the independence of the INEDs and is of the view that there are no 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.

BOARD COMMITTEES

The Board has established and delegated specific roles and responsibilities to the Audit Committee, Remuneration Committee, Nomination Committee and Investment Committee. These Committees have defined terms of reference which are available on the Company's and HKEX's websites.

Audit Committee

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

The Audit Committee has reviewed the Company's unaudited interim condensed financial information for the six months ended 30 June 2023 for the Board's approval. The Audit Committee has also met with management of the Investment Manager to supervise the Company's matters on risk management and internal controls, compliance procedures and financial reporting matters.

The unaudited interim condensed financial information has also been reviewed by the Company's independent auditors, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditors of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young's unmodified independent review report to the Board is included in the 2023 interim report.

Remuneration Committee

The Remuneration Committee has been established since March 2005 and currently comprises all three INEDs, namely, Mr. ONG Ka Thai (Chairman), Mr. YICK Wing Fat Simon and Dr. HUA Min, and one Executive Director, namely, Mr. ZHAO Tian.

Nomination Committee

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

Investment Committee

The Investment Committee has been established pursuant to Article 109A(a) of the Articles of Association of the Company. The Investment Committee currently has three members comprising Mr. ZHAO Tian (Executive Director), Mr. LU Xuefang (Non-executive Director) and Mr. CHOW Wang (fund manager of the Investment Manager).

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as its code of conduct regarding Directors’ securities transactions. In response to specific enquiry by the Company, all Directors confirmed that they have complied with the Model Code throughout the six months ended 30 June 2023.

PUBLICATION OF INTERIM REPORT

This announcement is published on the websites of HKExnews (www.hkexnews.hk) and the Company (<http://shanghaigrowth.etnet.com.hk>).

The Company’s 2023 interim report will be dispatched to shareholders of the Company as well as published on the aforesaid websites in due course.

By Order of the Board
SHANGHAI INTERNATIONAL
SHANGHAI GROWTH INVESTMENT LIMITED
ZHAO Tian
Executive Director

Hong Kong, 24 August 2023

As at the date of this announcement, the Board comprises Mr. ZHAO Tian as Executive Director; Mr. LU Xuefang as Non-executive Director; and Dr. HUA Min, Mr. ONG Ka Thai and Mr. YICK Wing Fat Simon as Independent Non-executive Directors.