

SHANGHAI INTERNATIONAL SHANGHAI GROWTH INVESTMENT LIMITED

滬光國際上海發展投資有限公司

The unaudited net asset value (“NAV”) of Shanghai International Shanghai Growth Investment Limited (the “Company”) was US\$12,336,381 as at 31 March 2015, with a corresponding NAV per share of US\$1.39, decreased by 2.8% from the end of 2014.

CHINA’S MAJOR ECONOMIC INDICATORS

Growth (year-on-year, percent)	2013	2014	1Q2015
Gross domestic product (“GDP”)	7.7	7.4	7.0
Industrial Production	9.7	8.3	5.6
Retail sales	13.1	12.0	10.2
Consumer price index (“CPI”)	2.6	1.5	1.2
Fixed asset investments	19.6	15.7	13.5
Exports	7.9	4.9	4.9
Imports	7.3	2.3	-17.3
Trade surplus (US\$ billion)	259.8	378.5	121.8
Foreign exchange reserve (US\$ billion)	3,820	3,840	3,730

Source: Published information, Bloomberg

China Economy

In the first quarter of 2015, affected by sluggish real estate market, excess supply, weak foreign demand and other factors, China’s economic growth continued to slow down. Gross Domestic Product (“GDP”) in the first quarter only increased 7.0% year-on-year, which was 0.4% and 0.3% lower on a year-on-year and quarter-on-quarter basis respectively. However, China economy’s structure was in the process of optimization. Sustainability and balance of economic development have been increasing significantly.

As economic downward pressure remains high, the Chinese Government may possibly implement further easing measures and growth stabilizing policies. For example, housing policies were relaxed in the end of March, down payment ratio was lowered and the scope of turnover tax exemptions in personal property transactions was expanded. Such policies were the strongest since the 2008 financial crisis. In addition, infrastructure investments growth rebounded drastically with persistent policy effects. “One Belt and One Road” had already become the strategic fulcrum of China’s new round of open-door policies.

THE COMPANY'S NAV PERFORMANCE

Date	Dividends paid (cumulative) per share US\$	NAV per share		Share Price	
		US\$	%*	US\$	%*
30 November 1993	–	9.90	N/A	10.00	N/A
31 December 1994	–	9.49	-4.1	5.60	-44.0
31 December 1995	–	9.76	-1.4	4.55	-54.5
31 December 1996	–	10.77	8.8	7.40	-26.0
31 December 1997	–	10.01	1.1	6.20	-38.0
31 December 1998	–	9.40	-5.1	4.80	-52.0
31 December 1999	–	10.41	5.2	4.60	-54.0
31 December 2000	3.30	7.12	5.3	3.48	-32.3
31 December 2001	3.60	6.83	5.4	3.23	-31.8
31 December 2002	4.60	5.88	5.9	2.80	-26.0
31 December 2003	5.00	6.06	11.7	3.60	-14.0
31 December 2004	5.80	6.44	23.6	4.60	4.0
31 December 2005	7.30	4.03	14.4	3.93	12.3
31 December 2006	8.50	3.11	17.3	2.10	6.0
31 December 2007	9.00	3.03	21.5	2.30	13.0
31 December 2008	9.20	2.43	17.5	1.95	11.5
31 December 2009	9.30	2.41	18.3	1.70	10.0
31 December 2010	9.40	3.49	30.2	1.54	9.4
31 December 2011	10.40	2.65	31.8	1.60	20.0
31 December 2012	10.50	2.26	28.9	1.40	19.0
31 December 2013	10.60	1.27	19.9	0.75	13.5
31 December 2014	10.70	1.43	22.5	1.52	22.2
31 March 2015	10.70	1.39	22.1	1.48	21.8

* performance compared to 30 November 1993 (cum-dividend)

PORTFOLIO ALLOCATION

As at 31 March 2015	US\$	%
Investment in unlisted securities	632,217	5.12
Investment in listed securities	9,065,270	73.49
Cash and other net receivables	2,638,894	21.39
NET ASSET VALUE	12,336,381	100.00

UNLISTED INVESTMENTS UPDATE

C-Media Electronics Inc. (“C-Media”)

In May 2010, the Company participated in a private placement launched by C-Media by subscribing for 1 million new shares therein at an investment cost of US\$1.2 million approximately. The common shares of C-Media are currently listed on the Taiwan GreTai Securities Market (stock code 6237.TT).

C-Media specialises in the designing and manufacturing of audio ICs with a focus on USB related audio products. Its net income in the first three quarters of fiscal year 2014/15 was NT\$7.14 million, while the net loss in the same period last year was NT\$0.07 million. Such significant improvement in performance was mainly due to a large one-time non-operational income generated from property disposal in the first quarter as well as significantly narrowed quarterly losses in the third quarter.

C-Media's private placement shares held by the Company have yet to qualify to be traded on the Taiwan GreTai Securities Market due to unsatisfactory return on equity in fiscal year 2014/15. The fair value of these shares is valued by the equity pricing model subject to marketability discount determined by the Investment Manager. The fair value of C-Media was US\$632,217 at 31 March 2015. The Investment Manager will seek appropriate exit opportunity depending on prevailing market condition.

RELEVANT STOCK MARKETS' PERFORMANCE

Indices	31/12/2013	31/12/2014	31/3/2015	Quarter Change
Hang Seng Index	23,306.4	23,605.0	24,900.9	5.49%
Hang Seng China Enterprises Index	10,816.1	11,984.7	12,346.1	3.02%
Hang Seng China-Affiliated Corporation Index	4,553.6	4,350.0	4,650.1	6.90%
Shanghai SE Index	2,116.0	3,234.7	3,747.9	15.87%
Shenzhen SE Index	1,057.7	1,415.2	1,958.4	38.38%
Taiwan Exchange Index	8,611.5	9,307.3	9,586.4	3.00%
Dow Jones Industrial Average	16,576.7	17,823.1	17,776.1	-0.26%
Standard and Poor's 500 Index	1,848.4	2,058.9	2,067.9	0.44%
NASDAQ Composite Index	4,176.6	4,736.1	4,900.9	3.48%

Source: Bloomberg

LISTED INVESTMENTS UPDATE

In the first quarter of 2015, Hang Seng Index ("HSI") fluctuated in the range of 24,000 points and 25,000 points. Central government's economic conferences such as the "Two Sessions" continued to focus on securing the 7% growth target through infrastructure and tax cutting measures, and also proposed new economic concepts like "internet +". Related sectors in the A-share market was drastically speculated, which drove the corresponding Chinese H-shares up. At the end of March, for the first time, Zhou Xiaochuan, president of People's Bank of China admitted that some directional stimulating measures would be implemented to tackle emerging deflation concerns. This meant that China will likely strengthen its easing monetary policies leading to a more abundant macro liquidity, which would be helpful to the stock market's overall performance. At the end of the first quarter, HSI closed at 24,901 points, which was 1,296 points or 5.49% higher than the beginning of the year.

The Investment Manager continued to adopt a cautious investment strategy and underweighted several stocks that were at year high so as to maintain a comparatively higher cash position to wait for favourable market entry timing. The Company's Hong Kong listed investment portfolio was up by 3.47% in the first quarter.

Global Market Group Limited ("GMG")

In March 2008, the Company invested in GMG Preferred Shares for a consideration of US\$5 million. In June 2010, the Company reinvested its dividend entitlement of US\$847,458 for additional GMG Preferred Shares to increase its equity interest to 9.67%. GMG's ordinary shares were admitted to trading on the Alternative Investment Market of the London Stock Exchange on 22 June 2012.

GMG is a leading internet trading service provider in the PRC. It focuses on providing an international trading service platform for high-end quality export manufacturers in China and international buyers. Currently its internet trading service consists of M2B and M2C businesses.

As reflected in its 2014 interim report, GMG's net loss in the first half was US\$5.14 million, which narrowed 10.4% as compared to last year. Although GMG's revenue only increased 3.3%, its sales and marketing expenses sharply decreased by 29.9%. This cost saving is mainly due to a significant cut in M2B business' advertising expenses. The heavily invested Free GMG Scheme and media resources contributed by Guangzhou Daily have helped the company enhance its marketing efficiencies.

GMG will actively seek for more strategic investors and partners in the coming 12 months and focus on development opportunities in the vertical e-commerce field.

At 31 March 2015, GMG's stock price remains at 0.55 GBP with no change as compared to the end of 2014. The fair value of GMG was US\$7,118,854 at 31 March 2015, a decrease of 3.98% as compared to the end of 2014 brought about by the GBP's depreciation against the US dollar. The Investment Manager considers that GMG's current stock price still does not reflect its intrinsic value and will continue to monitor closely for appropriate exit opportunity.

CORPORATE INFORMATION

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COMPANY'S WEBSITE

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STOCK CODE

770

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