

# 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\$9,297,412 as at 30 September 2016, with a corresponding NAV per share of US\$0.87, increased by 3.57% from the end of June 2016.

### CHINA’S MAJOR ECONOMIC INDICATORS

Growth (year-on-year, percent)	2014	2015	1-3Q2016
Gross domestic product (“GDP”)	7.4	6.9	6.7
Industrial Production	8.3	6.1	6.0
Retail sales	12.0	10.7	10.4
Consumer price index (“CPI”)	1.5	1.6	1.9 (September)
Fixed asset investments	15.7	10.0	8.2
Exports	4.9	-1.8	-1.6
Imports	-0.6	-13.2	-2.3
Trade surplus (US\$ billion)	378.5	594.5	3,882
Foreign exchange reserve (US\$ billion)	3,840	3,330	3,166 (September)

Source: Published information, Bloomberg

### China Economy

In the third quarter of 2016, Chinese economy continued its steady growth with GDP increased 6.7% year-on-year, same as the previous two quarters.

The recovery of external demand, depreciation of RMB and last year’s low base effect relieved the pressures from lower exports. Thanks to the combined effects of “growth stabilizing” economic policies, upsurge of the property market, and recovery in energy and raw materials sectors, recent major economic indicators on investment, consumption, industrial production and electricity generation reflected stabilization. As a result, downward pressure of economy is relieved and private investment began to recover. However, the Chinese economy is still in the process of bottom seeking.

To cope with continuously heated property market, many local governments launched stringent policies on property purchase and mortgage restrictions during the National Day Golden Week. By increasing the magnitude of property policies, asset bubble and financial risks are expected to be contained, whilst it will intensify the downward pressure of the Chinese economy.

In the coming months, fiscal policies are expected to continue to be accommodative. The issue size of local government debt and Public-Private-Partnership (“PPP”) projects are expected to increase rapidly. Meanwhile, monetary policies will also be focused on credit transmission channels to ensure a reasonable growth in aggregate social financing, aiming for a stable future growth of the Chinese economy.

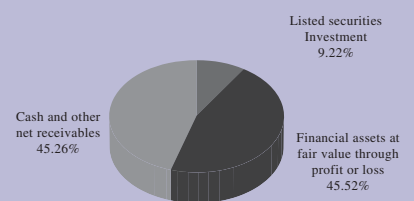
## THE COMPANY'S NAV PERFORMANCE

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 December 2015	10.80	0.88	18.0	1.70	25.0
30 September 2016	10.80	0.87	17.9	1.49	22.9

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

## PORTFOLIO ALLOCATION

As at 30 September 2016	US\$	%
Listed Securities-Listed on HKEx	856,763	9.22
Financial assets at fair value through profit or loss	4,232,254	45.52
Cash and other net receivables	4,208,395	45.26
<b>NET ASSET VALUE</b>	<b>9,297,412</b>	<b>100.00</b>



## INVESTMENT REVIEW

### Hong Kong Stock Market

In light of the subsidence of Brexit referendum's negative impact and better-than-expected interim results, the Hang Seng Index ('HSI') continued its strong performance in the third quarter of 2016. The US Federal Reserve kept interest rate unchanged in July, resulting in an improvement of local property market sentiment. As a result, local property stocks led the HSI to 21,891 points from 20,794 points. Entering into August, the formal announcement of Shenzhen-Hong Kong Stock Connect stimulated the HSI to rise further above 23,000 points. The HSI continued to rise in early September, once breaching 24,000 points. Affected by the US interest rate hike expectation later this month, the market reacted negatively with HSI slumping by almost 1,000 points and hovering above 23,000 points for the remaining period of September. For the whole quarter, the HSI was up by 2,503 points or 12%, closing at 23,297 points.

Thanks to the market rebound, the Company's listed investments portfolio reversed the first half year's loss situation and recorded a 2% gain at the end of third quarter 2016. However, owing to concerns about the uncertain domestic economic growth prospects and stability of the stock market, the Company will continue to adopt a prudent investment strategy and always be aware of the risks.

**RELEVANT STOCK MARKETS' PERFORMANCE**

Indices	31/12/2015	30/6/2016	30/9/2016	Quarter Change
Hang Seng Index	21,914.4	20,794.37	23,297.2	12.04%
Hang Seng China Enterprises Index	9,661.0	8,712.89	9,583.3	9.99%
Hang Seng China-Affiliated Corporation Index	4,052.1	3,624.86	3,862.4	6.55%
Shanghai SE Index	3,539.2	2,929.61	3,004.7	2.56%
Shenzhen SE Index	2,308.9	1,974.24	1,995.3	1.07%
Taiwan Exchange Index	8,338.1	8,666.58	9,166.9	5.77%
Dow Jones Industrial Average	17,425.0	17,929.99	18,308.2	2.11%
Standard and Poor's 500 Index	2,043.9	2,098.86	2,168.3	3.31%
NASDAQ Composite Index	5,007.4	4,842.67	5,312.0	9.69%

Source: Bloomberg

**Global Market Group Limited (“GMG”)**

GMG is a leading B2B internet trading service provider in the PRC. It focused 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 M2B2C businesses. In response to the Chinese government's call for developing cross-border E-commerce industry and fully exert GMG's advantage of B2B E-commerce platform, GMG is planning vigorously to develop new cross-border E-commerce business. Corresponding cross-border E-commerce platform on consignment basis has been established and a mobile app is under trial.

The Company invested in GMG Preferred Shares for a consideration of US\$5 million in March 2008. 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 AIM of the London Stock Exchange on 22 June 2012.

Pursuant to GMG's announcement in September 2015, GMG's shares have been cancelled (“Cancellation”) from trading on the AIM on 24 September 2015 as it was unsuccessful in appointing a replacement nominated adviser (“Nomad”) within the time frame permitted under AIM listing rules. It is understood that such Cancellation was a result of a transaction entered into by GMG that may trigger AIM reverse takeover provisions and which led to the resignation of the former Nomad.

As at 30 September 2016, a total of 8,734,897 ordinary shares of GMG are held by the Company, representing 9.36% of GMG's total issued ordinary shares.

During the third quarter in 2016, Global Market Group (Guangzhou) Limited (“GMGZ”), GMG's main operating subsidiary, has been successfully listed on the National Equities Exchange & Quotations (“NEEQ” or “New Third Board”) in mainland China and its code is 837495. Despite listing of GMGZ in August 2016, in the absence of an active quoted market price for GMG, the Investment Manager adopted a relative valuation model on the fair value of GMG by reference to listed companies in Chinese E-commerce industry. As at 30 September 2016, the Company recorded a fair value of US\$4,232,254 for this investment, which is unchanged in fair value as compared to that as at 30 June 2016.

## CORPORATE INFORMATION

### INVESTMENT MANAGER

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

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### DIRECTORS

FENG Huang  
HUA Min  
NI Jianwei  
ONG Ka Thai  
WANG Ching  
WU Bin  
YICK Wing Fat Simon

### COMPANY'S WEBSITE

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

### STOCK CODE

770

### INVESTMENT COMMITTEE

NI Jianwei  
*SIIC Investment Company Ltd.*

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

WU Qinwei  
*SIIC Investment (Shanghai) Co., Ltd.*

### COMPANY SECRETARY

LIANG Kwan Wah Andrew

### AUDITORS

Ernst & Young

### CUSTODIAN

Standard Chartered Bank  
(Hong Kong) Limited

### LEGAL ADVISORS

#### *In Hong Kong*

Charltons  
Solicitors & Notary Public

#### *In Cayman Islands*

Maples & Calder

### SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited

### REGISTERED OFFICE

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For further information, please contact the Investment Manager:

Hong Kong: Dr. Wang, Ching *Managing Director*

Shanghai: Mr. Wu, Bin *Vice President*

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