

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\$8,169,648 as at 31 March 2017, with a corresponding NAV per share of US\$0.76, decreased by 1.30% from the end of December 2016.

CHINA’S MAJOR ECONOMIC INDICATORS

Growth (year-on-year, percent)	2015	2016	1Q2017
Gross domestic product (“GDP”)	6.9	6.7	6.9
Industrial Production	6.1	6.0	6.8
Retail sales	10.7	10.4	10.0
Consumer price index (“CPI”)	1.6	2.0	1.4
Fixed asset investments	10.0	8.1	9.2
Exports	-1.8	-2.0	14.8
Imports	-13.2	0.6	31.1
Trade surplus (US\$ billion)	594.5	482.4	66.08
Foreign exchange reserve (US\$ billion)	3,330	3,011	3,009 (March)

Source: Published information, Bloomberg

China Economy

In the first quarter of 2017, China economy continued its steady growth with GDP increased by 6.9% year-on-year, an increase of 0.2 percentage point from the first quarter of 2016 and 0.1 percentage point from the fourth quarter last year.

There were significantly more positive factors during the first quarter in 2017. Active supply and demand and the recovery of investments, imports and exports and industrial outputs all boosted the economy. Supply-side structural reforms were being actively promoted and cuts in excessive industrial capacities in upstream and midstream industries continued. Meanwhile, some enterprises had begun to restock after earlier destocking.

A combination of international factors, restocking and higher investment demand resulted in a sharp rise in the Producer Price Index for Industrial Products (PPI), which in turn led to continued improvements in enterprise efficiency. At the same time new industries trended towards accelerated maturity. As heated property prices in some main cities continued to rise, more and more local governments launched stringent demand-side policies and mortgage restrictions. Measures in monetary easing and tightening policies were utilised, including: Reserve Repo Rate, Standing Lending Facility (SLF) and Medium-term Lending Facility (MLF) hike while injecting liquidity by taking some measures such as Temporary Liquidity Facility (TLF) and heightened Reserve Repo operations, in an effort to help money “move from the fictitious economy to real economy”.

In 2017, it is expected that China economy will maintain a slower growth in the interest of improved quality. Emphasis will be put on supply-side reforms to improve quality and efficiency of economic growth whilst tackling excessive growth in housing prices and financial de-leveraging to avoid uncertainties impacting stable economic process.

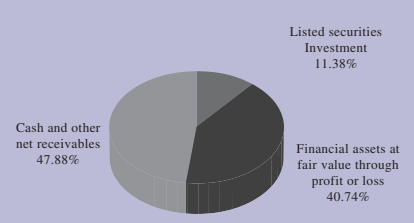
THE COMPANY'S NAV PERFORMANCE

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
31 December 2016	10.80	0.77	16.9	1.16	19.6
31 March 2017	10.80	0.76	16.8	0.95	17.5

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

PORTFOLIO ALLOCATION

As at 31 March 2017	US\$	%
Listed Securities-Listed on HKEx	929,834	11.38
Financial assets at fair value through profit or loss	3,328,577	40.74
Cash and other net receivables	3,911,237	47.88
NET ASSET VALUE	8,169,648	100.00



INVESTMENT REVIEW

Hong Kong Stock Market

Benefitting from South bound funds' positive impact and a Chinese stable economy, the Hang Seng Index ('HSI') reversed its poor situation in the last quarter of 2016 and performed very strongly in the first quarter of 2017. The PBOC took measures in controlling capital flight and keeping the exchange rate stable. Meanwhile, US President Trump's announced new policies comprising massive infrastructure investment plans boosted market confidence which led to sharp rises in major US indexes and directly stimulated the HSI to 23,361 points from 22,001 points. Going into February, thanks to continuous South bound funds, the HSI continued to rise, reaching above 24,000 points at one stage. Affected by NPC (National People's Congress) & CPPCC (National Committee of the Chinese People's Political Consultative Conference) and annual results announcement period, the HSI stabilised above 24,000 points in March. For the whole quarter, the HSI was up by 2,111 points or 9.6%, closing at 24,112 points.

The overall market rebound enabled the Company's listed investments portfolio to reverse last year's loss situation. During the quarter, with an optimistic view on China economy and the stock market the Company increased the authorised investment amount on listed investments portfolio from US\$1.5 million to US\$2.0 million. Based on the new authorised investment amount, the Company's listed investments portfolio recorded about a 5% gain at the end of first quarter. Going forward, the Company will continue to adopt a prudent investment strategy and always be aware of the risks.

RELEVANT STOCK MARKETS' PERFORMANCE

Indices	30/9/2016	31/12/2016	31/3/2017	Quarter Change
Hang Seng Index	23,297.2	22,000.6	24,111.6	9.60%
Hang Seng China Enterprises Index	9,583.3	9,394.9	10,273.7	9.35%
Hang Seng China-Affiliated Corporation Index	3,862.4	3,588.0	3,938.3	9.76%
Shanghai SE Index	3,004.7	3,103.6	3,222.5	3.83%
Shenzhen SE Index	1,995.3	1,969.1	1,986.5	0.88%
Taiwan Exchange Index	9,166.9	9,253.5	9,811.5	6.03%
Dow Jones Industrial Average	18,308.2	19,762.6	20,663.2	4.56%
Standard and Poor's 500 Index	2,168.3	2,238.8	2,362.7	5.53%
NASDAQ Composite Index	5,312.0	5,383.1	5,911.7	9.82%

Source: Bloomberg

Global Market Group Limited (“GMG”)

GMG is a B2B internet trading service provider in the PRC. It focuses on providing an international trading service platform for high-end quality export manufacturers in China and international buyers. 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 has vigorously developed new cross-border E-commerce business. Corresponding cross-border E-commerce platform on consignment basis has been established and a mobile app has been released for on-line testing.

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 Alternative Investment Market (“AIM”) of the London Stock Exchange on 22 June 2012.

Pursuant to GMG's announcement, GMG's shares had been cancelled from trading on the AIM on 24 September 2015 as it was unsuccessful in appointing a replacement nominated adviser within the time frame permitted under AIM listing rules.

In August 2016, Global Market Group (Guangzhou) Limited (“GMGZ”), GMG's main operating subsidiary, successfully listed on the National Equities Exchange & Quotations (“NEEQ” or “New Third Board”) in mainland China. GMGZ has announced its first private placement plan in October 2016. However, given the weak liquidity and lack of continuous fund raising capability on the NEEQ to support GMGZ's future strategic development, announcements have been made by its board in March 2017 of the intention and progress to delist GMGZ from NEEQ. It is expected that GMGZ will thereafter consider applying for a listing on other more efficient stock markets in the future.

As at 31 March 2017, 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 and recorded a fair value of US\$3,328,577 for this investment, same as that as at 31 December 2016.

CORPORATE INFORMATION

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COMPANY'S WEBSITE

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STOCK CODE

770

INVESTMENT COMMITTEE

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SIIC Investment Company Ltd.

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

COMPANY SECRETARY

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CUSTODIAN

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Charltons
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