

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\$7,570,790 as at 30 September 2017, with a corresponding NAV per share of US\$0.71, a decrease of 0.2% from the end of June 2017.

CHINA’S MAJOR ECONOMIC INDICATORS

Growth (year-on-year, percent)	2015	2016	1-3Q2017
Gross domestic product (“GDP”)	6.9	6.7	6.9
Industrial Production	6.1	6.0	6.7
Retail sales	10.7	10.4	10.4
Consumer price index (“CPI”)	1.6	2.0	1.5
Fixed asset investments	10.0	8.1	7.5
Exports	-1.8	-2.0	12.4
Imports	-13.2	0.6	22.3
Trade surplus (US\$ billion)	594.5	482.4	305.0
Foreign exchange reserve (US\$ billion)	3,330 (December)	3,011 (December)	3,110 (September)

Source: Published information, Bloomberg

China Economy

In the third quarter of 2017, China’s economic structural reforms were further deepened and the national economy continued its steady growth with GDP increased by 6.8% year-on-year, a decrease of 0.1 percentage point from the second quarter of this year.

During the quarter, tightening property measures as well as stringent environmental approvals began to negatively impact the China economy, resulting in a seasonally slower quarterly recovery than the fourth quarter of last year. Particular weakness was witnessed in the property, construction and manufacturing sectors. Economic growth structures continued to improve, while new industries and business formats grew faster. New momentum continued to be accumulated, providing a sound foundation for solid economic growth. Although financial deleveraging continued to be promoted, authorities are expected to make minor economic policy fine-tuning in order to prevent the China economy from any unforeseen downturn.

Looking into the fourth quarter, external economy is expected to hold up well and domestic enterprises will continue to improve their earnings. Overall, the China economy is expected to continue its steady growth.

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
30 September 2017	10.80	0.71	16.3	0.92	17.2

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

PORTFOLIO ALLOCATION

As at 30 September 2017	US\$	%
Listed securities investments	1,291,128	17.05
Financial assets at fair value through profit or loss	2,892,848	38.21
Cash and other net receivables	3,386,814	44.74
NET ASSET VALUE	7,570,790	100.00

INVESTMENT REVIEW

Hong Kong Stock Market

Benefitting from the southbound fund inflow and a stable Chinese economy, the Hang Seng Index (“HSI”) continued its strong performance in the third quarter of 2017. In July, China economy continued with its better-than-expected recovery. As a result, the market was optimistic on the listed companies’ interim results, particularly some of the China property names, which led the HSI to 27,324 points from 25,784 points. Moving into August, strong sets of earnings results announcement by majority of the listed companies, together with the weakened US interest rate hike expectation stimulated the HSI to upsurge further to around 28,000 points. Affected by the US Fed balance sheet reduction plan, the market retreated by almost 400 points in September. For the whole quarter, the HSI was up by 1,790 points or 7%, closing at 27,554 points.

The overall market rebound enabled the Company’s listed investments portfolio to reverse last year’s loss situation. During the quarter, the Company’s listed investments portfolio recorded about a 4% gain, or a year-to-date return of about 14%. The Company will continue to adopt a prudent investment strategy and always be aware of the risks.

RELEVANT STOCK MARKETS' PERFORMANCE

Indices	31/12/2016	30/6/2017	30/9/2017	Quarterly Change
Hang Seng Index	22,000.6	25,764.6	27,554.3	6.95%
Hang Seng China Enterprises Index	9,394.9	10,365.2	10,910.0	5.26%
Hang Seng China-Affiliated Corporation Index	3,588.0	4,005.2	4,299.0	7.34%
Shanghai SE Index	3,103.6	3,192.4	3,348.9	4.90%
Shenzhen SE Index	1,969.1	1,897.7	1,988.5	4.78%
Taiwan Exchange Index	9,253.5	10,395.1	10,383.9	-0.11%
Dow Jones Industrial Average	19,762.6	21,349.6	22,405.1	4.94%
Standard and Poor's 500 Index	2,238.8	2,423.4	2,519.4	3.96%
NASDAQ Composite Index	5,383.1	5,646.9	6,496.0	15.04%

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 linking 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 in an effort to fully exert GMG's advantage of its established B2B E-commerce platform, GMG vigorously developed new cross-border E-commerce business since 2016. Corresponding cross-border E-commerce platform on consignment basis has been established and a mobile app has been released for 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 once admitted to trading on the Alternative Investment Market of the London Stock Exchange in 2012 but subsequently cancelled from trading in September 2015.

In August 2016, Global Market Group (Guangzhou) Limited (“GMGZ”), GMG's main operating subsidiary, was successfully listed on the National Equities Exchange & Quotations (“NEEQ” or “New Third Board”) in mainland China. However, given the weak liquidity and lack of continuous fund raising capability on the NEEQ to support GMGZ's future strategic development, GMGZ delisted from NEEQ in May 2017. It is expected that GMGZ will thereafter consider applying for a listing on other more efficient stock markets in the future.

As at 30 September 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\$2,892,848 for this investment, same as that as at 30 June 2017.

CORPORATE INFORMATION

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STOCK CODE

770

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