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# SHANGHAI INTERNATIONAL SHANGHAI GROWTH INVESTMENT LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 770)**

## ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

### FINANCIAL RESULTS

The Board of Directors (the “Board”) of Shanghai International Shanghai Growth Investment Limited (the “Company”) announces that the audited annual results of the Company for the year ended 31 December 2021 together with the comparative figures in 2020. The annual results have been reviewed by the Company’s audit committee and agreed by the Company’s external auditors.

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*Year ended 31 December 2021*

	<i>Notes</i>	<b>2021</b>	2020
		<b>US\$</b>	US\$
<b>INCOME AND (LOSS)/GAIN ON INVESTMENTS</b>			
Interest income		41	53
Dividend income		25,571	20,622
Other income	5	506	13,935
Net change in unrealised (loss)/gain on financial assets at fair value through profit or loss	7	(47,787)	32,087
Net (loss)/gain on disposal of financial assets at fair value through profit or loss	7	(154,799)	515,217
Exchange gain		–	10,523
		<u>(176,468)</u>	<u>592,437</u>
<b>EXPENSES AND LOSS</b>			
Investment manager’s fees		(69,359)	(73,005)
Administrative expenses		(455,324)	(481,601)
Exchange loss		(7,094)	–
		<u>(531,777)</u>	<u>(554,606)</u>
(Loss)/profit before tax	6	(708,245)	37,831
Income tax	10	–	–
<b>(LOSS)/PROFIT FOR THE YEAR</b>		<u><u>(708,245)</u></u>	<u><u>37,831</u></u>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>			
		<u><u>(708,245)</u></u>	<u><u>37,831</u></u>
<b>(LOSS)/EARNINGS PER SHARE – BASIC AND DILUTED</b>			
	12	<u><u>(US6.63 cents)</u></u>	<u><u>US0.35 cents</u></u>

## STATEMENT OF FINANCIAL POSITION

31 December 2021

	<i>Notes</i>	<b>2021</b> <i>US\$</i>	2020 <i>US\$</i>
<b>NON-CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss	<i>13</i>	<u>1,658,595</u>	<u>286,518</u>
Total non-current assets		<u>1,658,595</u>	<u>286,518</u>
<b>CURRENT ASSETS</b>			
Prepayments		42,835	45,815
Cash and bank balances	<i>14</i>	<u>1,376,307</u>	<u>3,458,439</u>
Total current assets		<u>1,419,142</u>	<u>3,504,254</u>
<b>CURRENT LIABILITIES</b>			
Provision and accruals		44,288	49,603
Amount due to the investment manager		<u>52,359</u>	<u>51,834</u>
Total current liabilities		<u>96,647</u>	<u>101,437</u>
<b>NET CURRENT ASSETS</b>		<u>1,322,495</u>	<u>3,402,817</u>
<b>NET ASSETS</b>		<u>2,981,090</u>	<u>3,689,335</u>
<b>EQUITY</b>			
Share capital	<i>15</i>	1,068,600	1,068,600
Reserves		<u>1,912,490</u>	<u>2,620,735</u>
Total equity		<u>2,981,090</u>	<u>3,689,335</u>
<b>NET ASSET VALUE PER SHARE</b>	<i>16</i>	<u>0.28</u>	<u>0.35</u>

## STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

	Note	Share capital US\$	Share premium account US\$	Capital reserve US\$ <i>(Note b)</i>	Accumulated losses US\$	Total US\$
At 31 December 2020		1,068,600	12,921,815*	(5,804,463)*	(4,496,617)*	3,689,335
Total comprehensive loss for the year		-	-	-	(708,245)	(708,245)
Transfer from accumulated losses <i>(Note b)</i> :						
Net unrealised loss on change in fair value of financial assets at fair value through profit or loss	7	-	-	(47,787)	47,787	-
At 31 December 2021		<u>1,068,600</u>	<u>12,921,815*</u>	<u>(5,852,250)*</u>	<u>(5,157,075)*</u>	<u>2,981,090</u>
At 31 December 2019		1,068,600	12,921,815	(5,836,550)	(4,502,361)	3,651,504
Total comprehensive income for the year		-	-	-	37,831	37,831
Transfer from accumulated losses <i>(Note b)</i> :						
Net unrealised gain on change in fair value of financial assets at fair value through profit or loss	7	-	-	32,087	(32,087)	-
At 31 December 2020		<u>1,068,600</u>	<u>12,921,815</u>	<u>(5,804,463)*</u>	<u>(4,496,617)*</u>	<u>3,689,335</u>

\* These reserve accounts comprise the reserves of US\$1,912,490 (2020: US\$2,620,735) in the statement of financial position.

### Notes:

- Pursuant to the Company's Amended and Restated Memorandum and Articles of Association passed on 26 November 2019, 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 unrealised loss on change in fair value of financial assets at fair value through profit or loss is transferred from accumulated losses to the capital reserve.
- During the year ended 31 December 2021, a net unrealised loss on change in fair value of financial assets at fair value through profit or loss of US\$47,787 was transferred from accumulated losses to the capital reserve (2020: net unrealised gain of US\$32,087).

## NOTES TO FINANCIAL STATEMENTS

31 December 2021

### 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, Uglan 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

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. 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. These financial statements are presented in United States dollars (“US\$”) and all values are rounded to the nearest dollar except when otherwise indicated.

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Company has adopted the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 9, HKAS 39 HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i>

The amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 are not relevant to the preparation of the Company’s financial statements.

#### 4. 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 13 to the financial statements.

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

<b>Year ended 31 December 2021</b>	<b>Listed securities US\$</b>	<b>Unlisted securities US\$</b>	<b>Total US\$</b>
Segment results	<u>(177,015)</u>	<u>–</u>	<u>(177,015)</u>
Interest income from bank deposits			41
Exchange loss			(7,094)
Other income			506
Unallocated expenses			<u>(524,683)</u>
Loss before tax			<u><u>(708,245)</u></u>

For the year ended 31 December 2021, segment results represented the net loss on disposal of listed equity securities classified as financial assets at fair value through profit or loss, 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 administrative expenses and the investment manager's fees.

<b>Year ended 31 December 2020</b>	<b>Listed securities US\$</b>	<b>Unlisted securities US\$</b>	<b>Total US\$</b>
Segment results	<u>567,926</u>	<u>–</u>	567,926
Interest income from bank deposits			53
Exchange gain			10,523
Other income			13,935
Unallocated expenses			<u>(554,606)</u>
Profit before tax			<u><u>37,831</u></u>

For the year ended 31 December 2020, segment results represented the net gain on disposal of listed equity securities classified as financial assets at fair value through profit or loss, net gain 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 administrative expenses and the investment manager's fees.

As management considers that 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 is an analysis of the Company's assets by operating segments:

<b>At 31 December 2021</b>	<b>Listed securities US\$</b>	<b>Unlisted securities US\$</b>	<b>Total US\$</b>
Financial assets at fair value through profit or loss	<u>1,658,595</u>	<u>–</u>	<u>1,658,595</u>
Total segment assets	<u><u>1,658,595</u></u>	<u><u>–</u></u>	<u>1,658,595</u>
Unallocated assets			<u>1,419,142</u>
Total assets			<u><u>3,077,737</u></u>
<b>At 31 December 2020</b>	<b>Listed securities US\$</b>	<b>Unlisted securities US\$</b>	<b>Total US\$</b>
Financial assets at fair value through profit or loss	<u>286,518</u>	<u>–</u>	<u>286,518</u>
Total segment assets	<u><u>286,518</u></u>	<u><u>–</u></u>	<u>286,518</u>
Unallocated assets			<u>3,504,254</u>
Total assets			<u><u>3,790,772</u></u>

For the purposes of monitoring segment performance and allocating resources between segments, all assets are allocated to reportable segments other than prepayments, and cash and bank balances.

All liabilities as at 31 December 2021 and 2020 were unallocated liabilities.

## 5. OTHER INCOME

An analysis of other income is as follows:

	<b>2021</b>	2020
	<i>US\$</i>	<i>US\$</i>
Government grants	–	13,935
Refund of administrative expenses	<u>506</u>	<u>–</u>
	<u><b>506</b></u>	<u>13,935</u>

During the year ended 31 December 2020, government grants from the Hong Kong Special Administrative Region (“HKSAR”) Government Employment Support Scheme (“ESS”) have been received for retaining employees who may otherwise be made redundant. The related salary expenditure for which the government grant are intended to compensate has been fully undertaken and recognised as other income. There are no unfulfilled conditions or contingencies relating to these grants.

## 6. (LOSS)/PROFIT BEFORE TAX

The Company’s (loss)/profit before tax is arrived at after charging:

	<b>2021</b>	2020
	<i>US\$</i>	<i>US\$</i>
Auditor’s remuneration	<b>51,099</b>	50,307
Custodian fee	<b>9,992</b>	10,462
Employee benefit expense (excluding directors’ remuneration ( <i>Note 8</i> ))		
Salaries and other benefits	<b>186,399</b>	183,074
Retirement benefit costs	<b>4,631</b>	4,642
	<u><b>4,631</b></u>	<u>4,642</u>

## 7. GAIN OR LOSS ON INVESTMENTS

At 31 December 2021	Listed securities US\$	Unlisted securities US\$	Total US\$
Included in profit or loss:			
Realised loss:			
Financial assets at fair value through profit or loss	(154,799)	–	(154,799)
Unrealised loss:			
Financial assets at fair value through profit or loss	<u>(47,787)</u>	<u>–</u>	<u>(47,787)</u>
Total realised and unrealised loss included in profit or loss	<u><u>(202,586)</u></u>	<u><u>–</u></u>	<u><u>(202,586)</u></u>
Total realised and unrealised loss for the year	<u><u>(202,586)</u></u>	<u><u>–</u></u>	<u><u>(202,586)</u></u>
At 31 December 2020	Listed securities US\$	Unlisted securities US\$	Total US\$
Included in profit or loss:			
Realised gain:			
Financial assets at fair value through profit or loss	515,217	–	515,217
Unrealised gain:			
Financial assets at fair value through profit or loss	<u>32,087</u>	<u>–</u>	<u>32,087</u>
Total realised and unrealised gain included in profit or loss	<u><u>547,304</u></u>	<u><u>–</u></u>	<u><u>547,304</u></u>
Total realised and unrealised gain for the year	<u><u>547,304</u></u>	<u><u>–</u></u>	<u><u>547,304</u></u>



## 8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	<b>2021</b>	2020
	<i>US\$</i>	<i>US\$</i>
Fees:		
Dr. HUA Min	<b>16,722</b>	16,757
Mr. ONG Ka Thai	<b>16,722</b>	16,757
Mr. YICK Wing Fat, Simon	<b>16,723</b>	16,757
	<u>50,167</u>	<u>50,271</u>

Except for the directors' fees paid to the independent non-executive directors totalling US\$50,167 (2020: US\$50,271), none of the directors has received any other emoluments for 2021 and 2020.

There were no other emoluments payable to the directors during the year (2020: Nil).

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2020: three directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining two (2020: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	<b>2021</b>	2020
	<i>US\$</i>	<i>US\$</i>
Salaries, allowances and benefits in kind	<b>186,399</b>	183,074
Pension scheme contributions	<b>4,631</b>	4,642
	<u>191,030</u>	<u>187,716</u>

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	<b>Number of employees</b>	
	<b>2021</b>	2020
Nil to HK\$1,000,000	<b>2</b>	2
HK\$1,000,001 to HK\$1,500,000	–	–
HK\$1,500,001 to HK\$2,000,000	–	–
	<u>2</u>	<u>2</u>

## 10. INCOME TAX

No provision for Hong Kong profits tax has been made in the financial statements as the Company did not generate assessable profits arising in Hong Kong for the year ended 31 December 2021 (2020: Nil).

A reconciliation of the tax expense applicable to (loss)/profit before tax at the statutory rate to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2021		2020	
	US\$	%	US\$	%
(Loss)/profit before tax	<u>(708,245)</u>		<u>37,831</u>	
Tax at the statutory tax rate	(116,861)	16.5	6,242	16.5
Tax losses not recognised	118,659	16.8	–	–
Tax losses utilised	–	–	(1,736)	(4.6)
Income not subject to tax	(4,225)	0.6	(5,710)	(15.1)
Expenses not deductible for tax	<u>2,427</u>	<u>0.3</u>	<u>1,204</u>	<u>3.2</u>
Tax charge at the Company's effective rate	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

Deferred tax assets have not been previously recognised as the Company has been loss-making for some time and it is not considered probable that taxable profits will be available to set off against the accumulated tax losses from previous years of assessment in the foreseeable future.

## 11. DIVIDENDS

No dividend has been proposed by the directors for the year ended 31 December 2021 (2020: Nil).

## 12. (LOSS)/EARNINGS PER SHARE – BASIC AND DILUTED

The calculation of the basic (loss)/earnings per share is based on the loss for 2021 only of US\$708,245 (2020: profit of US\$37,831) and the weighted average number of ordinary shares of 10,686,000 (2020: 10,686,000) in issue during the year.

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the years ended 31 December 2021 and 2020 in respect of dilution as the Company had no potentially dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

### 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 US\$	2020 US\$
Non-current:		
Unlisted equity investment - Ordinary shares, at fair value		
– Global Market Group Limited (“GMG”)	–	–
Listed equity investments, at fair value	<u>1,658,595</u>	<u>286,518</u>
Total	<u><u>1,658,595</u></u>	<u><u>286,518</u></u>

Unlisted equity investment - Ordinary shares, at fair value:

The above unlisted equity investment at 31 December 2021 represented 8,734,897 ordinary shares of GMG which was 9.36% of GMG’s total issued ordinary shares (2020: 9.36%).

As at 31 December 2021 and 2020, 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 years ended 31 December 2021 and 2020, based on the available financial information, the 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, the management believed that GMG’s business model would not be sustainable and the unlisted investment is valued at nil (2020: written down to 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 year ended 31 December 2021, the net fair value loss in respect of the Company’s Hong Kong investments recognised in profit or loss amounted to US\$202,586 (2020: a net fair value gain of US\$547,304), of which a net loss of US\$154,799 (2020: a net gain of US\$515,217) was recognised upon disposal of the listed equity investments for the year.

### 14. 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.

**15. SHARE CAPITAL**

	<b>2021</b>	2020
	<i>US\$</i>	<i>US\$</i>
Authorised:		
18,000,000 (2020: 18,000,000) ordinary shares of US\$0.10 each	<b><u>1,800,000</u></b>	<u>1,800,000</u>
Issued and fully paid		
10,686,000 (2020: 10,686,000) ordinary shares of US\$0.10 each	<b><u>1,068,600</u></b>	<u>1,068,600</u>

**16. NET ASSET VALUE PER SHARE**

The calculation of the net asset value (“NAV”) per share is based on the Company’s NAV of US\$2,981,090 as at 31 December 2021 (2020: US\$3,689,335) and the number of ordinary shares of 10,686,000 in issue as at 31 December 2021 (2020: 10,686,000).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

#### **REVIEW OF RESULTS**

The Company recorded a net loss of US\$708,245 for the year ended 31 December 2021, compared with a net profit of US\$37,831 in 2020. Last corresponding year's profit was mainly derived from gain on investment in listed securities after deduction of the Company's operating expenses, while net loss on investment in listed securities was recorded for year 2021.

The Company recorded a realised loss on disposal of listed securities of US\$154,799 for the year ended 31 December 2021 (2020: realised gain of US\$515,217) and a net change in unrealised loss on listed securities of US\$47,787 (2020: unrealised gain of US\$32,087). Dividend income from listed investment portfolio of US\$25,571 was recorded in the reporting period as compared to US\$20,622 in the last corresponding period. As a result, the Company recorded an overall loss of US\$177,015 on listed securities investment in addition to the operating costs of US\$531,777 in 2021.

The return of the Company's listed investments portfolio for the year 2021 was a loss of 5.09%, outperforming the Hang Seng Index ("HSI") and Hang Seng China Enterprise Index ("HSCEI") which were down 14.1% and 23.3% respectively. In view of the continuation of COVID-19 pandemic, the Investment Manager constructed the Company's listed securities portfolio in phases cautiously with emphasizes on allocating a right proportion and nature of stocks along the different cycle of the market throughout the year. The Investment Manager was cautious upon the rapid ramp-up of the stock market during the first quarter of 2021, stock exposures were fairly low. While the portfolio return did not gain much in January, neither was the portfolio suffered severe losses when the market went into deep correction the latter half of first quarter. The major shortfall, however, was not taking full advantage of buying stocks during earlier part of the second quarter. Coupled with the lackluster rebounding performance of some major internet-related stocks, the return on the Company's listed securities portfolio underperformed against the benchmarks in the first half of 2021. However, over the third quarter, the Investment Manager's strategy stood the test of tough times when the market took a severe hit in July. Not only the investment portfolio has avoided the exposure of tech-related stocks but instead invested into stocks of more defensive nature, the cash level has also been raised prior to the meltdown of the market. Investment gains in new energy sector paid off in this quarter, whereby offsetting most of the losses experienced in consumption sector in a very weak market. In the last quarter, the Investment Manager continued to increase overall stock exposures by including stocks that are going to benefit from China's technological innovation and economic recovery resulting from the outstanding containment of COVID-19 pandemic. A combination of the timing of asset allocation and relevant stock pickings attributed to outperforming investment returns on the Company's investment portfolio against benchmarks for the year 2021.

The Company's audited net asset value ("NAV") per share as at 31 December 2021 was US\$0.28, a 20% decrease as compared with US\$0.35 at the end of 2020 mainly due to negative returns on listed securities investment not sufficient to cover operating costs. As at 31 December 2021, the Company's share price was US\$0.236 (2020: US\$0.30), reflecting a 21.33% discount to NAV per share.

## **KEY PERFORMANCE INDICATOR**

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.

Performance of the Company's NAV for the past five years are summarised in the annual report of the Company under the heading "Five Year Financial Summary (Unaudited)". In the opinion of the Board, fluctuations in past NAV performances are mainly attributable to fluctuations in unrealised fair value loss in one of the Company's investments.

## **LISTED INVESTMENTS REVIEW**

### **Hong Kong Stock Market**

The year 2021 marked the monumental change of the Hang Seng Index ("HSI") by including many of the technology-related stocks, for instance, Meituan, Xiaomi, Kuaishou, Alibaba, etc. as HSI constituent stocks. Such inclusion ignited a buying frenzy from mainland investors through the China-HK Stock Connect program, especially when the theme of "new economy" was very favourable.

With the sudden surge of liquidity, HSI jumped nearly 3,000 points in 16 trading days since the beginning of January 2021, but gave up more than 1,900 in 4 trading days afterwards. The index reached its high in mid-February at 31,183 and then subsequently fell to 27,505 in late March, nearly a 12% correction. The selloff was a combination of market overbought, spike in the U.S. 10-year Treasury yield and the failed improvement in relationship between China and the U.S. By the end of first quarter of 2021, HSI closed at 28,378, up 4.2%.

Over the second quarter of 2021, the HSI first approached its low at 27,718 near mid-May with concerns over higher inflation especially commodity prices and Delta variant of COVID-19 virus worldwide. In June 2021, the U.S. Federal reassured the markets of unchanged interest rate policy, which lifted the market sentiment and ending the month at the index level of 28,828.

Moving into the second half of 2021, Hong Kong stock market was severely hit by the new regulations for internet-platform operators on data security, banning of profit-making private tutoring, and new pricing measure on healthcare-related products and services. As such HSI and Hang Seng China Enterprise Index ("HSCEI") fell 10.5% and 13.4% respectively in July. The Hang Seng TECH Index suffered the worst single month performance, down 17%, and subsequently fell 7.9% on 27 July, the biggest drop in one day since the inception of the index.

In August and September, concerns over the austerity measure on property sector and anti-monopoly policies among internet giants drove the market down even more, especially in September which fell another 4.8%.

In the fourth quarter, the HSI rebounded as much as 2.9% to 26,234 points on the back of wishful expectation that there would be an improvement in the US-China relation. However, the market turned upside down as there were increasing cases found with new virus – Omicron. Coupled with the lackluster results from the online retail shopping giants and the power shortage impacts in various part of China, caused the HSI fell 5.6% in November.

By December, the power shortages were resolved but various debt restructuring among property developers raised concerns among investors. HSI dropped 1.65%, ending the year at 23,397 points. For the full year of 2021, HSI was down 14.1% and HSCEI fell 23.3%.

The return of the Company's listed investments portfolio for the year 2021 was a loss of 5.09%, outperforming the HSI and HSCEI by 9% and 18% respectively. This was the fourth consecutive year in outperforming the benchmark indexes.

## **UNLISTED INVESTMENTS REVIEW**

As at 31 December 2021, the Company held one unlisted securities investment but was fully impaired. No new investment was consummated in the year in view of the Company's limited cash resources.

## **OUTLOOK FOR 2022**

For the year 2022, China has announced its monetary policies being more proactive with the aim of promoting sustainable economic growth and providing sufficient liquidity into the market. Given the Hong Kong stock market has remained subdued for a year, as most of the selling pressure has been released, the Hong Kong stock market will likely attract repositioning from foreign investors once China's economic policies and growth prospect become more certain.

Based on inflation cycle in the past which normally lasted for two years. The latest inflation started in November 2020, hence 2022 will step into the latter half of the inflation cycle. According to historical experience, Chinese corporations tend to expand their profitability during the initial phase of inflation cycle, but contract in the latter half of the inflation cycle. As such the Investment Manager holds a view that Hong Kong stock market will likely rise first before moving into a correction.

As always, the Company will continue to seek investing in listed companies with foreseeable growth potentials and be aware of risks lying ahead. But starting from 2021, while the investment mandate of the Company remained in China-related securities, the investment sphere has been narrowed down from all industry sectors to the following five sectors, namely new energy, high tech & internet-related, consumptions, land logistics and healthcare-related.

In respect of unlisted investment, the Investment Manager will continue to monitor closely the development the fully impaired investment and strike for appropriate exit opportunity.

## **LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL COMMITMENT**

The Company did not participate in any new unlisted investment in 2021. The Company's bank balances as of 31 December 2021 were US\$1,376,307 (2020: US\$3,458,439). No dividends were paid during the year. Apart from listed securities investments, cash were used for operating and administrative expenses. The COVID-19 pandemic did not have material impact on the Company's liquidity positions and working capital sufficiency.

## **CHARGE ON ASSETS, CAPITAL COMMITMENT AND CONTINGENT LIABILITIES**

As at 31 December 2021, there were no charges on the Company's assets and the Company had no material capital commitment on unlisted investments or any significant contingent liabilities (31 December 2020: Nil).

As at 31 December 2021, as far as the Directors were aware, the Company was not involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against the Company.

## **GEARING RATIO**

The Company did not have any bank borrowings as at 31 December 2021 and 31 December 2020. As at 31 December 2021, the Company's current ratio (current assets to current liabilities) was approximately 14.68 (2020: 34.55). The ratio of total liabilities to total assets of the Company was approximately 3.14% (2020: 2.68%).

## **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. As at 31 December 2021, the Company's investment in one unlisted security, whose operating currency is RMB, is valued at zero. There is no hedging policy, the value of this investment and currency exposure risk are monitored by the Investment Manager.

## **EMPLOYEES**

The Company has two employees and continues to delegate the day-to-day administration of its investment portfolio to Shanghai International Asset Management (Hong Kong) Company Limited (the "Investment Manager"). The Company determines its staff remuneration in accordance with prevailing market salary scales, individual qualifications and performance. Remuneration packages of the Company's employees including basic salary, double pay and mandatory provident fund are reviewed on a regular basis.

## **DIVIDEND DISTRIBUTION**

The Board does not recommend the payment of any dividend for the year ended 31 December 2021 (2020: Nil).



## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company will be held at the Ball Room, 1/F, South Pacific Hotel, 23 Morrison Hill Road, Wanchai, Hong Kong on Thursday, 16 June 2022 at 10:00 a.m.. Notice of annual general meeting will be published and sent to shareholders of the Company in the manner as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) in due course.

## **RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS**

For the purposes of determining the right to attend and vote at the Company’s annual general meeting to be held on 16 June 2022 (“2022 AGM”), the Register of Members of the Company will be closed as set out below:

Latest time to lodge transfer documents for registration	4:30 p.m. on Thursday, 9 June 2022
Record date	Friday, 10 June 2022
Closure of Register of Members	Friday, 10 June 2022 to Thursday, 16 June 2022 (both dates inclusive)

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the 2022 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s share registrar, Tricor Secretaries Limited, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than the aforementioned latest time.

## **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 financial year ended 31 December 2021, 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 nonexecutive 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 18 May 2021.

### **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the directors of the Company ("Model Code"). The Company has made specific enquiry of all Directors of the Company regarding any non-compliance with the Model Code during the year ended 31 December 2021, all Directors confirmed that they had fully complied with the required standard set out in the Model Code.

The Company has also established written guidelines no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. During the year, no incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES**

During the year, the Company did not purchase, sell or redeem any of its own shares.

### **AUDIT COMMITTEE**

The Company's Audit Committee has been established since 1999 and currently comprises three members, all of them are Independent Non-executive Directors of the Company. The Audit Committee has reviewed the accounting principles and policies adopted by the Company and discussed with the Investment Manager on internal audit results, risk management and internal controls, key matters on compiling the Environmental, Social and Governance Report, compliance procedures and financial reporting matters. The Audit Committee has reviewed the annual results of the Company for the year ended 31 December 2021.

## **PUBLICATION OF ANNUAL REPORT**

The annual report of the Company will be despatched to shareholders of the Company and published on the website of the Hong Kong Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company (<http://shanghaigrowth.etnet.com.hk>) in due course.

For and on behalf of the Board of  
**SHANGHAI INTERNATIONAL  
SHANGHAI GROWTH INVESTMENT LIMITED**  
**ZHAO Tian**  
*Executive Director*

Hong Kong, 23 March 2022

*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.*