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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 2023

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 2023 together with the comparative figures in 2022. 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 2023

	<i>Notes</i>	2023	2022
		US\$	US\$
INCOME AND LOSS ON INVESTMENTS			
Interest income		9,881	2,108
Dividend income		23,442	24,016
Other income	5	–	6,117
Net change in unrealised (loss)/gain on financial assets at fair value through profit or loss	7	(1,920)	21,210
Net loss on disposal of financial assets at fair value through profit or loss	7	(18,852)	(480,912)
Exchange gain		–	1,389
		<u>12,551</u>	<u>(426,072)</u>
EXPENSES AND LOSS			
Investment Manager’s fees		(37,780)	(50,794)
Administrative expenses		(428,591)	(493,647)
Exchange loss		(1,525)	–
		<u>(467,896)</u>	<u>(544,441)</u>
Loss before tax	6	(455,345)	(970,513)
Income tax	10	–	–
LOSS FOR THE YEAR		<u>(455,345)</u>	<u>(970,513)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(455,345)</u>	<u>(970,513)</u>
LOSS PER SHARE			
– BASIC AND DILUTED	12	<u>US4.26 cents</u>	<u>US9.08 cents</u>

STATEMENT OF FINANCIAL POSITION

31 December 2023

	<i>Notes</i>	2023 US\$	2022 <i>US\$</i>
NON-CURRENT ASSETS			
Financial assets at fair value through profit or loss	<i>13</i>	–	452,856
Total non-current assets		–	452,856
CURRENT ASSETS			
Prepayments		43,097	43,675
Financial assets at fair value through profit or loss	<i>13</i>	466,909	–
Cash and bank balances	<i>14</i>	1,117,399	1,636,507
Total current assets		1,627,405	1,680,182
CURRENT LIABILITIES			
Provision and accruals		44,180	70,080
Amount due to the Investment Manager		27,993	52,381
Total current liabilities		72,173	122,461
NET CURRENT ASSETS		1,555,232	1,557,721
NET ASSETS		1,555,232	2,010,577
EQUITY			
Share capital	<i>15</i>	1,068,600	1,068,600
Reserves		486,632	941,977
Total equity		1,555,232	2,010,577
NET ASSET VALUE PER SHARE	<i>16</i>	0.15	0.19

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

	Note	Share capital US\$	Share premium account US\$	Capital reserve US\$ (Note a)	Accumulated losses US\$	Total US\$
At 31 December 2022		1,068,600	12,921,815*	(5,831,040)*	(6,148,798)*	2,010,577
Total comprehensive loss for the year		-	-	-	(455,345)	(455,345)
Transfer from accumulated losses (Note a):						
Net unrealised loss on change in fair value of financial assets at fair value through profit or loss	7	-	-	(1,920)	1,920	-
At 31 December 2023		<u>1,068,600</u>	<u>12,921,815*</u>	<u>(5,832,960)*</u>	<u>(6,602,223)*</u>	<u>1,555,232</u>
At 31 December 2021		1,068,600	12,921,815	(5,852,250)	(5,157,075)	2,981,090
Total comprehensive loss for the year		-	-	-	(970,513)	(970,513)
Transfer from accumulated losses (Note a):						
Net unrealised gain on change in fair value of financial assets at fair value through profit or loss	7	-	-	21,210	(21,210)	-
At 31 December 2022		<u>1,068,600</u>	<u>12,921,815*</u>	<u>(5,831,040)*</u>	<u>(6,148,798)*</u>	<u>2,010,577</u>

* These reserve accounts comprise the reserves of US\$486,632 (2022: US\$941,977) in the statement of financial position.

Notes:

- a. Pursuant to the Company's Amended and Restated Memorandum and Articles of Association passed on 29 November 2022, 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 2023, a net unrealised loss on change in fair value of financial assets at fair value through profit or loss of US\$1,920 was transferred from accumulated losses to the capital reserve (2022: net unrealised gain of US\$21,210).

NOTES TO FINANCIAL STATEMENTS

31 December 2023

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 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 new and revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>

The nature and the impact of the new and revised HKFRSs that are applicable to the Company are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Company has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Company’s financial statements.

- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Company’s approach and policy align with the amendments, the amendments had no impact on the Company’s financial statements.

Issued But Not Yet Effective Hong Kong Financial Reporting Standards

The Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKAS 1

Classification of Liabilities as Current or Non-current
(the “2020 Amendments”)^{1,2}

¹ Effective for annual periods beginning on or after 1 January 2024

² As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

Further information about those HKFRSs that are expected to be applicable to the Company is described below.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. Based on a preliminary assessment, the amendments are not expected to have any significant impact on 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 and unlisted class of open-ended fund

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:

Year ended 31 December 2023	Listed securities US\$	Unlisted securities US\$	Total US\$
Segment results	<u>(5,103)</u>	<u>7,773</u>	2,670
Interest income from bank deposits			9,881
Exchange loss			(1,525)
Other income			–
Unallocated expenses			<u>(466,371)</u>
Loss before tax			<u><u>(455,345)</u></u>

For the year ended 31 December 2023, 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 and net gain on change in fair value of unlisted 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.

Year ended 31 December 2022	Listed securities US\$	Unlisted securities US\$	Total US\$
Segment results	<u>(435,686)</u>	<u>–</u>	(435,686)
Interest income from bank deposits			2,108
Exchange gain			1,389
Other income			6,117
Unallocated expenses			<u>(544,441)</u>
Loss before tax			<u><u>(970,513)</u></u>

For the year ended 31 December 2022, 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.

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:

At 31 December 2023	Listed securities US\$	Unlisted securities US\$	Total US\$
Financial assets at fair value through profit or loss	<u>159,136</u>	<u>307,773</u>	<u>466,909</u>
Total segment assets	<u><u>159,136</u></u>	<u><u>307,773</u></u>	<u>466,909</u>
Unallocated assets			<u>1,160,496</u>
Total assets			<u><u>1,627,405</u></u>
At 31 December 2022	Listed securities US\$	Unlisted securities US\$	Total US\$
Financial assets at fair value through profit or loss	<u>452,856</u>	<u>–</u>	<u>452,856</u>
Total segment assets	<u><u>452,856</u></u>	<u><u>–</u></u>	<u>452,856</u>
Unallocated assets			<u>1,680,182</u>
Total assets			<u><u>2,133,038</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 2023 and 2022 were unallocated liabilities.

5. OTHER INCOME

An analysis of other income is as follows:

	2023	2022
	US\$	US\$
Government grants	–	5,505
Refund of administrative expenses	–	612
	<u>–</u>	<u>6,117</u>
	<u><u>–</u></u>	<u><u>6,117</u></u>

During the year ended 31 December 2022, 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 BEFORE TAX

The Company’s loss before tax is arrived at after charging:

	2023	2022
	US\$	US\$
Auditor’s remuneration	50,911	50,944
Custodian fee	8,273	8,739
Employee benefit expense (excluding directors’ remuneration (<i>Note 8</i>))		
Salaries and other benefits	129,474	188,268
Retirement benefit costs	3,064	4,596
	<u><u>191,722</u></u>	<u><u>256,547</u></u>

7. GAIN OR (LOSS) ON INVESTMENTS

At 31 December 2023	Listed securities US\$	Unlisted securities US\$	Total US\$
Included in profit or loss:			
Realised loss:			
Financial assets at fair value through profit or loss	(18,852)	–	(18,852)
Unrealised gain/(loss):			
Financial assets at fair value through profit or loss	<u>(9,693)</u>	<u>7,773</u>	<u>(1,920)</u>
Total realised and unrealised gain/(loss) included in profit or loss	<u>(28,545)</u>	<u>7,773</u>	<u>(20,772)</u>
Total realised and unrealised gain/(loss) for the year	<u>(28,545)</u>	<u>7,773</u>	<u>(20,772)</u>
At 31 December 2022	Listed securities US\$	Unlisted securities US\$	Total US\$
Included in profit or loss:			
Realised loss:			
Financial assets at fair value through profit or loss	(480,912)	–	(480,912)
Unrealised gain:			
Financial assets at fair value through profit or loss	<u>21,210</u>	<u>–</u>	<u>21,210</u>
Total realised and unrealised loss included in profit or loss	<u>(459,702)</u>	<u>–</u>	<u>(459,702)</u>
Total realised and unrealised loss for the year	<u>(459,702)</u>	<u>–</u>	<u>(459,702)</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:

	2023	2022
	<i>US\$</i>	<i>US\$</i>
Fees:		
Dr. HUA Min	16,605	16,600
Mr. ONG Ka Thai	16,605	16,600
Mr. YICK Wing Fat, Simon	16,605	16,599
	<u>49,815</u>	<u>49,799</u>
	49,815	49,799

Except for the directors' fees paid to the independent non-executive directors totalling US\$49,815 (2022: US\$49,799), none of the directors has received any other emoluments for 2023 and 2022.

There were no other emoluments payable to the directors during the year (2022: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2022: three directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining two (2022: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2023	2022
	<i>US\$</i>	<i>US\$</i>
Salaries, allowances and benefits in kind	129,474	188,268
Pension scheme contributions	3,064	4,596
	<u>132,538</u>	<u>192,864</u>
	132,538	192,864

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

	Number of employees	
	2023	2022
Nil to HK\$1,000,000	2	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>
	2	2

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 2023 (2022: Nil).

A reconciliation of the tax expense applicable to loss 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:

	2023		2022	
	US\$	%	US\$	%
Loss before tax	<u>(455,345)</u>		<u>(970,513)</u>	
Tax at the statutory tax rate	(75,132)	16.5	(160,135)	16.5
Tax losses not recognised	79,780	(17.5)	164,845	(17.0)
Income not subject to tax	(5,498)	1.2	(5,320)	0.6
Expenses not deductible for tax	<u>850</u>	<u>(0.2)</u>	<u>610</u>	<u>(0.1)</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 2023 (2022: nil).

12. LOSS PER SHARE – BASIC AND DILUTED

The calculation of the basic loss per share is based on the loss for 2023 only of US\$455,345 (2022: loss of US\$970,513) and the weighted average number of ordinary shares of 10,686,000 (2022: 10,686,000) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2023 and 2022 in respect of dilution as the Company had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	<i>US\$</i>	<i>US\$</i>
Non-current:		
Unlisted equity investment - Ordinary shares, at fair value		
– Global Market Group Limited (“GMG”)	–	–
Listed equity investments, at fair value	–	452,856
Current:		
Unlisted class of open-ended fund, at fair value	307,773	–
Listed equity investments, at fair value	159,136	–
Total	466,909	452,856

Unlisted equity investment - Ordinary shares, at fair value:

The above unlisted equity investment at 31 December 2023 represented 8,734,897 ordinary shares of GMG which was 9.36% of GMG’s total issued ordinary shares (2022: 9.36%).

As at 31 December 2023 and 2022, 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 2023 and 2022, 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 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 (2022: written down to nil).

Unlisted class of open-ended fund, at fair value:

The Company’s investment in unlisted class of open-ended fund is classified by the Company as at fair value through profit or loss. The Company considered this investment to be strategic in nature.

During the year ended 31 December 2023, the net fair value gain in respect of the Company’s investments recognised in profit or loss amounted to US\$7,773 (2022: nil).

Listed equity investments, at fair value:

The Company’s investments in listed equity securities are classified as at fair value through profit or loss. The Company considered these investments to be strategic in nature.

During the year ended 31 December 2023, the net fair value loss in respect of the Company’s investments recognised in profit or loss amounted to US\$28,545 (2022: a net fair value loss of US\$459,702), of which a net loss of US\$18,852 (2022: a net loss of US\$480,912) 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

	2023	2022
	<i>US\$</i>	<i>US\$</i>
Authorised:		
18,000,000 (2022: 18,000,000) ordinary shares of US\$0.10 each	<u>1,800,000</u>	<u>1,800,000</u>
Issued and fully paid		
10,686,000 (2022: 10,686,000) ordinary shares of US\$0.10 each	<u>1,068,600</u>	<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\$1,555,232 as at 31 December 2023 (2022: US\$2,010,577) and the number of ordinary shares of 10,686,000 in issue as at 31 December 2023 (2022: 10,686,000).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

REVIEW OF RESULTS

The Company recorded a net loss of US\$455,345 for the year ended 31 December 2023, compared with a net loss of US\$970,513 in 2022. The decrease in net loss was mainly due to a decrease in net loss on investment in securities as compared with last year.

The Company recorded a realised loss on disposal of listed securities of US\$18,852 for the year ended 31 December 2023 (2022: realised loss of US\$480,912) and a net change in unrealised loss on investment in securities of US\$1,920 (2022: unrealised gain of US\$21,210). Dividend income from the listed investment portfolio of US\$23,442 was recorded in the reporting period as compared to US\$24,016 in the last year. As a result, the Company recorded an overall gain of US\$2,670 on securities investments offset by the operating costs of US\$467,896 in 2023 that led to net loss.

Listed Investment

The Hong Kong stock market started strongly in 2023, and the markets focused on China's rebound in economic activity after the end of COVID-related restrictions in China. In January, the Hang Seng Index ("HSI") rose to 22,069 points. In addition to the resumption of post-COVID-19 markets, increased fiscal spending and policies to support real estate development have also revived investors' confidence in the stock market. The easing of inflationary pressure in the United States ("US") has also improved market sentiment. Taking into account the geopolitical situation, the Investment Manager replaced technology-related stocks with stocks in the telecommunication sector, which offered high dividend yields and a more certain earnings outlook. Towards the middle of the year, in the midst of a severe market correction, the Investment Manager re-acquired internet-related technology stocks, believing that the profitability of internet companies had improved and that the internet sector would be one of the major beneficiaries in anticipation of the receding impact of the interest rate hiking cycle, eventually catching up with the wave of the market in June and July. In the fourth quarter, it was expected that with the end of the interest rate hike in the US at the end of the year, the weak US dollar could drive the stock market up. However, the development of the Hong Kong stock market was not as expected, and the HSI continued to fluctuate and decline, and the Investment Manager reduced the weighting of stock holdings under the control of risk to try to preserve the profits. HSI continued to fluctuate and decline repeatedly throughout the year, falling below 17,000 points.

Unlisted Investment

Unlisted class of open-ended fund

As the U.S. dollar enters the channel of continuous interest rate hikes, there is a demand for cash management of idle U.S. dollar cash. After the Investment Manager's analysis and comparison, it was more flexible to purchase a flexible redemption currency fund than to place a time deposit to arrange investment and capital allocation. After the Investment Manager studied, ICBC CICC Money Market ETF (USD) was finally selected. In July, the Company purchased US\$300,000 of the above money market fund. As of 31 December 2023, the investment in money market fund has reported a positive return of roughly US\$7,773, or 2.59%.

For the year 2023, HSI was down by 13.82% and Hang Seng China Enterprise Index ("HSCEI") shed 13.97%. However, the Company's investment portfolio recorded a positive return of 0.12% in 2023, outperforming HSI and HSCEI by 13.94% and 14.09% respectively.

As at 31 December 2023, the Company's net asset value ("NAV") was US\$0.15, which was lower than the NAV of US\$0.19 at the end of 2022. Owing to the fact that, while securities investment recorded a positive return, it was not enough to offset operating costs, resulting in a 21.05% drop in NAV. As of 31 December 2023, the Company's share price was US\$0.14 (2022: US\$0.176), reflecting a 6.67% discount to its 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

Hong Kong stock market in 2023 started off strongly as the market focused on the rebound of economic activities after the end of COVID-related restrictions in China.

In January, the Hang Seng Index ("HSI") surged approximately 2,288 points to 22,069 points. In addition to the post-COVID re-opening, increasing fiscal spending and policies in support of property developments shored up investors' confidence to the stock markets. Dampening inflationary pressure in the US also improved market sentiment.

However, in February, geopolitical tension between the two largest economies heightened. Together with the hawkish Fed rhetoric regarding the interest rate outlook, the market took a dive of around 2,056 points, ending HSI below 20,000 points.

In March, with the collapse of various mid-sized banks in the US, the HSI tanked to below 19,000 point. The market rebounded in April with some of the China's largest tech companies showed upbeat earnings recovery and the US was pumping more liquidity to relieve the banking crisis. The weak RMB and the drama of debt ceiling in the US further exacerbated the market volatility in May to as low as 18,045 point.

In June and July, the market rebounded on China's lowering interest rates and consideration of a broad package of stimulus measures. The easing of inflationary pressure in the US and the expectation that US rate hike might halt for a short while also boosted market sentiment. The HSI rebounded more than 1,800 points to at 20,078 point.

However, from August onwards, due to the US announced an unexpected amount of debt issuance, lifting the ten-year bond yield, HSI continued to fall. Coupled with the downgrade of the US sovereign debt, market sentiment turned very weak. Concerns on some of the property developers' debt burden in China further exacerbated the market selloff. By the end of September, HSI fell more than 2,269 points to 17,809 point.

In the fourth quarter, the conflict broke out between Palestine and Israel, causing more safe-haven-seeking capitals flooded to US-backed assets. Without solid improvement on trade and financial dispute between China and the US, HSI subsequently fell below 17,000 points despite US dollar weakened substantially during the quarter, lifting equity markets around the globe. For the full year of 2023, HSI and Hang Seng China Enterprise Index ("HSCEI") was down -13.82% and -13.97% respectively.

The return of the Company's listed investments portfolio for the year 2023 was up 0.12%, a stable performance on the back of deep market correction.

UNLISTED INVESTMENTS REVIEW

As at 31 December 2023, the Company held one unlisted equity securities investment but was fully impaired. The Company also held fund shares of ICBC CICC Money Market ETF Class I (USD).

OUTLOOK FOR 2024

China was a difficult market to be in during 2023, given its overall lackluster stock market performance. While its Gross Domestic Product (“GDP”) growth met market expectation, the housing market deflation and weakening domestic consumption were the major concerns among investors. Hence, the outlook of China stock markets for 2024 relies on three major factors:

- 1) The momentum of economic recovery in China in 2024 must continue, especially in areas of manufacturing and consumption. The timing of its fiscal policies and whether the housing market will be stabilized;
- 2) The interest rate cycle of the US is the main determinant for the global investment markets. At present, the consensus is the rate cut will most likely start from May. However, the stickiness of inflation pressure is highly unpredictable; and
- 3) Consensus on earnings per share growth for 2024 falls between 9.9%-15.5%. Most of the earnings downgrade should have happened in the early first half of the year and earnings growth will continue to improve in the second half of the year.

Base on the past interest rates cycles, Hong Kong stock market tends to tank first before interest rate starting to cut. Most likely such pattern will happen in 2024.

As always, the Company will continue to seek investing in listed companies with foreseeable growth potentials and be aware of risks lying ahead within the five sectors, namely new energy, high tech & internet-related, consumptions, telecommunications and healthcare-related.

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

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL COMMITMENT

The Company’s cash and bank balances as of 31 December 2023 were US\$1,117,399 (2022: US\$1,636,507). No dividends were paid during the year. Apart from securities investments, cash were used for operating and administrative expenses.

CHARGE ON ASSETS, CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at 31 December 2023, there were no charges on the Company’s assets and the Company had no material capital commitment on unlisted equity investments or any significant contingent liabilities (31 December 2022: Nil).

As at 31 December 2023, 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 2023 and 31 December 2022. As at 31 December 2023, the Company's current ratio (current assets to current liabilities) was approximately 22.55 (2022: 13.72). The ratio of total liabilities to total assets of the Company was approximately 4.44% (2022: 5.74%).

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 2023, the Company's investment in one unlisted equity 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.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year ended 31 December 2023, the Company did not have any material acquisition or disposal of subsidiaries, associates and joint ventures.

EMPLOYEES

The Company has one employee 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 2023 (2022: nil).

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at the Ballroom, 1/F, South Pacific Hotel, 23 Morrison Hill Road, Wanchai, Hong Kong on Tuesday, 14 May 2024 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 14 May 2024 ("2024 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 Tuesday, 7 May 2024
Record date	Wednesday, 8 May 2024
Closure of Register of Members	Wednesday, 8 May 2024 to Tuesday, 14 May 2024 (both dates inclusive)

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the 2024 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, 17/F, Far East Finance Centre, 16 Harcourt Road, 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 C1 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 2023, 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 non-executive 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 17 May 2023.

Code Provision B.2.4(b) provides that where all the Independent Non-executive Directors ("INEDs") of a listed company have served more than 9 years on the board, the listed company should appoint a new INED on the board at the forthcoming annual general meeting for the financial year commencing on or after 1 January 2023.

During the year ended 31 December 2023 and up to date of this announcement, all the INEDs of the Company have served more than 9 years on the Board. No new INED has been appointed to the Board as at the date of this announcement. The Board has considered the recruitment of INED through internal and external sources (for example, personal contacts of current Board members, or by referral of the Company's business associates). However, emigration wave in recent year which led to an outflow of talent and the macroeconomic conditions which brought economic volatility and uncertainties to the securities market and securities and investment industry posed difficulties for the Company in identifying a suitable INED candidate. The Board will keep searching for suitable candidates.

All the INEDs are familiar with the operation of the Company and continue to provide objective input and invaluable contribution to the Board. Notwithstanding the length of service of all the INEDs of the Company is longer than 9 years, the Board is of the view that the existing Board composition will not impair the independence of the Board. As stated in the above, in view of the streamlined structure of the Company, the Board as a whole is responsible for formulating the Company's investment strategy, policies and guidelines, based on which the Investment Manager is responsible for identifying and evaluating investment opportunities and manages the daily operations and administration of the Company's investment portfolio. None of the INEDs are involved in the daily management of the Company. The Board has also annually assessed the independence of the INEDs and is of the view that there are no relationships or circumstances which would interfere with the exercise of their independent judgment and ability to provide independent, balanced and objective view to the affairs of the Company.

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 C3 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 2023, 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 INEDs 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 2023.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company will be published on the website of the Hong Kong Stock Exchange (www.hkex.com.hk) and the Company (<http://shanghaigrowth.etnet.com.hk>) in due course. Printed copies of the annual report will be made available to shareholders of the Company upon request.

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

Hong Kong, 21 March 2024

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.