SHANGHAI INTERNATIONAL SHANGHAI GROWTH INVESTMENT LIMITED

(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

INTERIM REPORT

For the six months ended June 30, 2004

INVESTMENT MANAGER

SHANGHAI INTERNATIONAL ASSET MANAGEMENT (H.K.) CO., LTD.

PERFORMANCE REVIEW

Shanghai International Shanghai Growth Investment Limited (the "Company") recorded a net profit after tax of US$2,547,761 for the six months ended June 30, 2004 *(2003: US$1,208,663)*, representing an increase of 110.8% over the same period in 2003. The result attributed primarily to an increase in dividends received from unlisted investments and a significant realized gain on disposal of a listed investment which was re-classified from unlisted investments upon its listing in March 2004.

As at June 30, 2004, the Company's net asset value ("NAV") per share was US$5.95 subsequent to its distribution in June of US$0.80 per share for combined final and special dividends for 2003, up 11.4% compared with the ex-dividend NAV per share at the end of the previous year.

RECLASSIFICATION AND DISPOSAL OF INVESTMENT

In March 2004, the Company's investment in the previously unlisted shares of Semiconductor Manufacturing International Corporation ("SMIC") amounting to approximately US$6,024,000 were, at the advice of the Company's auditors, reclassified as investments in listed securities, non-tradable portion, upon SMIC becoming listed on the New York stock exchange and the Hong Kong stock exchange on March 17, 2004 and March 18, 2004, respectively.

The Company disposed 11,763,000 shares in SMIC upon its flotation and recorded a realized gain of US$2.6 million. The remaining shares are valued at market price and subject to a three-year lock-up obligation, but with regular openings twice a year during the three years allowing certain percentage of non-tradable portion at each interval to become freely tradable.

REVIEW OF LISTED INVESTMENTS

Listed Investment – Non-tradable

Semiconductor Manufacturing International Corporation ("SMIC")

Revenue of SMIC increased 259.0% year-on-year to US$407.9 million during the first half of 2004. Operating income turnaround to US$63.2 million from a loss of US$66.2 million during the same period the year before. Net profit for the six months in 2004 increased to US$61.6 million from a net loss of US$68.6 million during the same period in 2003. SMIC's average sales price per wafer increased 80.1% year-on-year to US$1,022 during the first half of 2004.

SMIC's monthly production capacity increased to 81,000 wafers per month. During the period under review, SMIC added 31 new customers, 6 of which are among the largest fabless companies in China, according to China Center of Industry Development. SMIC expanded its portfolio of process technologies to include a full flow 0.13 µm process and qualified its 90 nm process using a memory device. SMIC anticipates that it will offer 90 nm process technology for logic devices in the first half of 2005.

Listed Investments – Tradable

The US market continued its recovery to late January when the Federal Reserve Board delivered an upbeat assessment of the economy alluding to likelihood that low interest rate policy would prevail for the foreseeable months. Continuing low interest rates kept the new housing market robust in the first quarter. During April and May, major stock markets in the world were plagued by a host of factors: overhang of potential interest rate hike in the US and its impact, soaring crude oil price, new rounds of terrorist attacks embroiling bomb explosion in Athens, and the volatile situations arisen from insurgence in Iraq. Nevertheless, the Institute of Supply Managers ("ISM") index was above 60 as of June, an eighth consecutive month of favorable economic data, suggesting the US economy is recovering and investors' confidence was boosted in the US market. Also, since the market in general anticipated a 25 bps interest rate hike by the end of June, investors gradually rationalized the overhang and uncertainty enshrouding the rate hike began to dissipate.

On the domestic front, concerns over the Fed fund rate hike, the macro economic adjustments by the Chinese government to curb its economy from over-heating, and investigations conducted by the Hong Kong Securities and Futures Commission targeting certain issuers and their relevant market conduct weighed the local market. After the Hang Seng Index ("HSI") reached its 31-month high of 14,058 in March, the index slid to a low of 10,918 for the first half of the year on May 17, 2004, but subsequently rebounded by over 1,300 points to 12,285 at the end of June on the consensus of local economic recovery.

During the first half of 2004, the securities market was affected by the impact of China's macro adjustments. Stringent measures were announced by the Chinese government to specifically target the five over-invested industries namely, iron and steel, cement, property, automotive and aluminum which precipitated their decline. Weak market sentiments also resulted in postponement or size reduction of a number of IPOs, including China Shipping Container Limited and China Netcom, a reflection of weak market reception.

HSI and Hang Seng China Enterprise Index plunged 2.3% and 14.5% respectively during the first half of the year while the Company's listed securities portfolio recorded a 5.8% unrealized loss.

REVIEW OF UNLISTED INVESTMENTS

Apart from the reclassification of SMIC as mentioned above, there is no significant change in the Company's portfolio of unlisted investments for the six months ended June 30, 2004. An aggregate dividend income of US$1,009,295, attributable to Taihai Ferry, Lian Ji and Zhejiang Huguang, was recorded for the six months ended June 30, 2004, representing an 80% increase compared with the same period last year.

Suzhou Taihai Automobile Ferry Wharf Co., Ltd. ("Taihai Ferry")

Taihai Ferry recorded significant growth in revenue and net profit for the first half of 2004, attributable to additional service of a new ferry purchased in December 2003. During the first six months, 20,532 voyages were sailed and 482,765 vehicles transported. Unaudited net profit for the first half was RMB7,502,254 (approximately USD906,354), 66.52% higher than the same period last year. As transportation for seasonal fruits is approaching, increased revenue for the next quarter is anticipated.

The board of directors of Taihai Ferry resolved on February 17, 2004 to distribute dividend for 2003. In the latter half of June, approval from the State Administration of Foreign Exchange was obtained to remit of the said dividend in hard currency. The Company is entitled to RMB3,640,548 or approximately US$439,839 for its stake .

Shanghai Lian Ji Synthetic Fiber Co., Ltd. ("Lian Ji")

Operating environment has been competitive and rendered more difficult due to oil price increases and scarcity of domestic raw materials supply like PTA and MEG that left Lian Ji little option but to rely on imported raw materials with higher prices. As a result, selling prices of its products were not able to match the increased costs of the raw materials.

Based on the results of an independent review by auditors, despite unaudited turnover for the six months being 91% higher than the same period the year before, Lian Ji still recorded an unaudited net loss of RMB33.75 million (approximately US$4.08 million). Trial production of Phase III began on December 19, 2003 and passed inspection on January 16, 2004. On stream mass production is now underway with capacity reaching 500 tons per day.

To achieve profitability under the adverse market condition, Lian Ji relies on its economies of scale and increased proportion of major raw material purchases domestically to trim costs. Phase I and II production lines were back in full swing in early April after their month-long major refurbishments conducted biennially.

The Company received RMB713,411 or approximately US$86,189 for its 2002 dividend distributed from Lian Ji's retained earnings in May this year.

Despite being a minority shareholder, the Company is keeping a close watch on Lian Ji's ability to transform losses into profitability in the future.

Zhejiang Huguang Heat and Power Co., Ltd. ("Zhejiang Huguang")

During the first half of 2004, sales for Zhejiang Huguang increased substantially due to energy shortage. Increase in coal price has, however, eroded its net profit. Anticipating that coal price will remain high, Zhejiang Huguang is investigating alternative channels for coal sourcing to lower its production costs.

Pursuant to continuous effort to resolve the impasse over China's prohibition of guaranteed return by any Chinese partner in joint ventures to its counterparts, the Company negotiated and received RMB4 million (approximately US$483,267) past due return owed to the Company and recorded as dividend income during this period. The receipt is held in a RMB trust account, waiting for final approval from the State Administration of Foreign Exchange to have them remitted in hard currency.

Concord Greater China Ltd. ("CGC")

RT-Mart Shanghai Limited continued its store rollout expansion with the objective of attaining a critical mass. Store numbers have increased from 18 to 22 since the same period last year. For the first half of 2004, unaudited net profit was up 113% and increased to RMB113,508,000 or approximately US$13,713,000. To sustain earnings growth, three new stores are scheduled to open in the second half of 2004, namely Shanghai Tsun Sun Store, Jiangsu Jiang Yang Store, and Zhejiang Bei Cang Gang Store.

Despite the anticipated people traffic during the Chinese New Year and May 1 holiday weeks, net profit of RT-Mart Jinan Limited ("RTMJ") dropped 95.2% compared to the first half of last year. The number of stores under RTMJ management remained at 9, but a new store in Weihai, Shangdong is scheduled to open in October.

For the six months ended June 30, 2004, CGC registered an unaudited net profit of US$7,318,000 on a consolidated level.

Shanghai Well Bright Foods Co., Ltd. ("Well Bright")

Sale of Well Bright's prepared chicken meat was adversely affected in the first quarter due to concern over Avian Influenza found in some Asian countries. With increasing market competition, gross profit margin continued to erode. To counter impact from the adverse market competition, Well Bright introduced new products like ribs and mutton, which resulted in robust sales in the first half of 2004 and achieved their whole year selling target by May. Mutton was completely sold out and replenishment of supply will have to be made in the next procurement season between July and December. Well Bright's management prepares to formulate its sales budget for the next year in the third quarter.

Everflow Capital Limited ("Everflow Capital")

Subsequent to disposal of Samson Assets Limited by Everflow Capital in September last year, its wholly-owned subsidiary which sole asset is the Aetna Tower, the Company received US$2.4 million as dividend distribution. Everflow Capital received final release for personal and corporate guarantees pledged from the mortgagee bank in late June 2004. The next step is to proceed with capital reduction and liquidation process of the company as agreed between shareholders, upon completion of which the Company will recover its investment cost in full.

Details of latest development are set out in note 13, Post Balance Sheet Events, to the financial statements.

Sino-Wood Partners, Limited ("Sino-Wood")

On May 14, Sino-Forest, the Toronto-listed parent company of Sino-Wood, announced the issuance of 35 million Class A ordinary shares based on the issue price of C$2.65 or US$1.92 per share. Gross proceeds were approximately US$75 million. The funds raised will be used to secure additional plantation rights in China to strengthen its timber supply chain and enhance competitiveness.

Sino-Forest released its latest figures for the second quarter of 2004, showing a net profit of US$12.7 million, up 74%. Earnings per share increased by 50% to US$0.09 comparing to the same quarter year-on-year.

The Company invested US$1.8 million on the convertible notes issued by Sino-Wood. Details of latest development are set out in Note 13, Post Balance Sheet Events, to the financial statements.

PROSPECTS

The listed securities market is likely to rebound in the second half of 2004 based on the following outlook: firstly, Standard and Poor's raised the long term outlook of Hong Kong's currency from negative to stable by late June, drawing inference on a plausible soft landing scenario in China and improving socio-economic environment in Hong Kong, which factors would help to elevate sentiment in the local stock market. Secondly, mainland media reported that the Chinese authority would promulgate new policies to relax foreign exchange control to allow easier fund flow from China, which led to speculation about details of how Qualified Domestic Institutional Investors (QDII) would be regulated might be announced as early as in the second half of the year. Thirdly, Greenspan's "gradual" and "measured" approach to the interest rate increase gave comfort that the rate hike will not be drastic and abrupt, thereby alleviating concern of the impact from an aggressive rate hike. Consistent with past approach and in light of market sentiment, the Company will remain vigilant on its investments in listed securities.

The Company has reviewed over 40 investment opportunities since the beginning of this year, and conducted a number of site visits for due diligence. In view of uncertainties arisen from the interest rate hike, the macro adjustments by the Chinese government, and the high oil prices, outlook of the majority of those opportunities remain cloudy. However, the Company will further analyze a few of the potentials which appear to have sound fundamentals.

CONDENSED INCOME STATEMENT

		Unaudited Six months ended June 30,	
		2004	2003
	Notes	***US$***	*US$*
Investment income	*2*	**1,191,162**	753,718
Gain (loss) on sale of investments in listed securities		**2,327,075**	(428,116)
Gain on sale of investments in unlisted securities		**–**	573,817
Impairment loss recognized in respect of an unlisted investment		**(135,455)**	(135,455)
Loss on disposal of property held for resale		**–**	(42,572)
		3,382,782	721,392
Operating expenses			
Investment Manager's fee		**589,909**	520,161
Administrative expenses		**245,112**	192,568
		835,021	712,729
Profit before taxation		**2,547,761**	8,663
Taxation	*3*	**–**	1,200,000
Net profit for the period		**2,547,761**	1,208,663
EARNINGS PER SHARE – BASIC	*5*	**28.61 cents**	13.57 cents

CONDENSED BALANCE SHEET

	Notes	**Unaudited As at June 30, 2004 US$**	Audited As at December 31, 2003 US$
NON-CURRENT ASSETS			
Investments in unlisted securities	6	**26,902,633**	33,062,338
Investments in listed securities-tradable	7	**6,471,732**	6,722,912
Investment in listed securities-non-tradable	8	**9,206,207**	–
		42,580,572	39,785,250
CURRENT ASSETS			
Property held for resale		**567,000**	567,000
Dividend, interest and other receivables and prepayments		**617,552**	630,960
Bank balances		**9,787,029**	13,777,598
		10,971,581	14,975,558
CURRENT LIABILITIES			
Creditors and accrued charges		**252,068**	547,809
Amount due to Investment Manager		**271,171**	276,941
		523,239	824,750
NET CURRENT ASSETS		**10,448,342**	14,150,808
		53,028,914	53,936,058
CAPITAL AND RESERVES			
Share capital	9	**890,500**	890,500
Reserves		**52,138,414**	53,045,558
		53,028,914	53,936,058
NET ASSET VALUE PER SHARE	10	**5.95**	6.06

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Share Capital *US$*	Share Premium *US$*	Capital Reserve *US$*	Accumulated Profits *US$*	Total *US$*
At January 1, 2004	890,500	56,591,935	(10,339,228)	6,792,851	53,936,058
Net unrealized gain on revaluation of investments in listed securities not recognized in income statement	–	–	3,669,095	–	3,669,095
Net profit for the period	–	–	–	2,547,761	2,547,761
Transfers to capital reserve:					
– Gain on sale of investments in listed securities *(Note 1)*	–	–	2,327,075	(2,327,075)	–
– Impairment loss recognized in respect of an unlisted investment *(Note 1)*	–	–	(135,455)	135,455	–
Dividends paid	–	(4,452,500)	–	(2,671,500)	(7,124,000)
At June 30, 2004	**890,500**	**52,139,435**	**(4,478,513)**	**4,477,492**	**53,028,914**
At January 1, 2003	890,500	58,372,935	(12,113,123)	5,228,531	52,378,843
Net unrealized gain on revaluation of investments in listed securities	–	–	1,179,988	–	1,179,988
Net unrealized loss on revaluation of unlisted investments	–	–	(490,467)	–	(490,467)
Net gain not recognized in the income statement	–	–	689,521	–	689,521
Net profit for the period	–	–	–	1,208,663	1,208,663
Transfers to capital reserve:					
– Loss on disposal of property held for resale *(Note 2)*	–	–	(42,572)	42,572	–
– Impairment loss recognized in respect of an unlisted investment *(Note 1)*	–	–	(135,455)	135,455	–
Gain on sale of investments in securities, net *(Note 1)*	–	–	145,701	(145,701)	–
Dividends paid	–	(1,781,000)	–	(1,781,000)	(3,562,000)
At June 30, 2003	890,500	56,591,935	(11,455,928)	4,688,520	50,715,027

Notes:

(1) For securities that are not held for trading purposes, unrealized gains or losses are dealt with in the capital reserve until the security is sold or determined to be impaired, at which time the cumulative gain or loss will be included in the income statement for the period.

As required by the Company's Articles of Association, gains and losses on realization and revaluation of investment in securities shall not be available for distribution as dividend. Therefore, those gains and losses on investments in securities recognized in the income statement are transferred to the capital reserve in the period in which they arise.

(2) As required by the Company's Articles of Association, capital gains or losses on realization and revaluation of the Company's assets shall not be available for distribution as dividend. Therefore, gains and losses on the properties are first recognized in the income statement and then transferred to the capital reserve in the period in which they arise.

CONDENSED CASH FLOW STATEMENT

	Unaudited Six months ended June 30,	
	2004	2003
	US$	*US$*
Net cash from (used in) operating activities	**68,038**	(1,554,663)
Net cash from investing activities	**3,065,393**	3,557,498
Net cash used in financing activities	**(7,124,000)**	(3,562,000)
Net decrease in cash and cash equivalents	**(3,990,569)**	(1,559,165)
Cash and cash equivalents at beginning of the period	**13,777,598**	10,579,493
Cash and cash equivalents at end of the period	**9,787,029**	9,020,328
Analysis of the balances of cash and cash equivalents		
Cash at bank	**7,155,304**	6,732,165
Bank balances in RMB	**2,631,725**	2,288,163
	9,787,029	9,020,328

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended June 30, 2004

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed interim financial statements ("interim financial statements") have been prepared in accordance with applicable disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and with Statement of Standard Accounting Practice 25 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The interim financial statements have been prepared under the historical cost convention, as modified for revaluation of investment in securities.

The accounting policies adopted are consistent with those followed in the preparation of the Company's audited annual financial statements for the year ended December 31, 2003.

2. INVESTMENT INCOME

	Six months ended 30 June,	
	2004	2003
	US$	*US$*
Dividend income		
– Listed securities	**104,044**	96,633
– Unlisted investments	**1,009,295**	560,994
Interest income	**77,823**	96,091
	1,191,162	753,718

No segment information is presented as the Company has only one business activity and operates in one geographical location.

3. TAXATION

No provision for Hong Kong Profits Tax has been made as the Company has no assessable profits for both periods. The tax credit in the prior period represented the overprovision for Hong Kong Profits Tax in prior years.

No provision for deferred taxation has been made in the interim financial statements as there were no significant temporary differences arising during the period or at the balance sheet date.

4. DIVIDENDS

During the period, the Company paid out the following dividends:

	Six months ended 30 June,	
	2004	2003
	US$	*US$*
2003 final dividend @US$0.30 per share *(2002 final dividend: US$0.20 per share)*	**2,671,500**	1,781,000
2003 special final dividend @US$0.50 per share *(2002 special final dividend: US$0.20 per share)* deducted from share premium account	**4,452,500**	1,781,000
	7,124,000	3,562,000

The directors do not recommend the payment of an interim dividend for the six months ended June 30, 2004 *(2003: Nil)*.

5. EARNINGS PER SHARE – BASIC

The calculation of basic earnings per share is based on the net profit for the period of US$2,547,761 *(for the six months ended June 30, 2003: US$1,208,663)* and 8,905,000 *(for the six months ended June 30, 2003: 8,905,000)* ordinary shares in issue.

No diluted earnings per share have been presented as the Company has no dilutive potential ordinary shares outstanding during both periods.

6. INVESTMENTS IN UNLISTED SECURITIES

	June 30, 2004	December 31, 2003
	US$	*US$*
Unlisted investments in the People's Republic of China	**26,902,633**	33,062,338

In the opinion of the directors, as the Company is an investment fund company which acts as a passive investor to the investee companies, it does not exert any significant influence over the financial and operating policy decisions of those investee companies. Therefore, investments in those companies are stated as investments in securities in the financial statements.

7. INVESTMENTS IN LISTED SECURITIES – TRADABLE

	June 30, 2004 *US$*	December 31, 2003 *US$*
Listed securities, at fair value:		
Shares listed on the Hong Kong stock exchange	**4,534,427**	4,848,305
Shares listed on the Taiwan stock exchange	**1,937,305**	1,874,607
	6,471,732	6,722,912

8. INVESTMENT IN LISTED SECURITIES – NON-TRADABLE

The amount represents the investment in Semiconductor Manufacturing International Corporation ("SMIC"), which has been reclassified from investments in unlisted securities to investments in listed securities upon the dual listing of SMIC in Hong Kong and the United States in March 2004. The shares of SMIC held by the Company are subject to certain investor regulations and restriction from trade for a lock-up period of 180 days subsequent to its listing (the "Lock-up Period"). For a maximum period of three years from the expiration of the Lock-up Period (the "Post Lock-up Period"), the Company could sell or transfer up to 15% of its holding of pre-listing shares in SMIC at the beginning of every 6 months throughout the Post Lock-up Period.

9. SHARE CAPITAL

	Number of ordinary shares of US$0.1 each	**Share capital** *US$*
Authorized:		
At December 31, 2003 and June 30, 2004	18,000,000	1,800,000
Issued and fully paid:		
At December 31, 2003 and June 30, 2004	8,905,000	890,500

10. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net asset value of the Company as at June 30, 2004 of US$53,028,914 *(at December 31, 2003: US$53,936,058)* and on the 8,905,000 *(at December 31, 2003: 8,905,000)* ordinary shares in issue as at June 30, 2004.

11. RELATED PARTY TRANSACTIONS

During the period, the Company had the following transactions with related parties:

	Six months ended 30 June,	
	2004	2003
	US$	*US$*
Investment management and administration fees paid and payable to Shanghai International Asset Management (H.K.) Co., Ltd. (the "Investment Manager")	**589,909**	520,161

	June 30, 2004	December 31, 2003
	US$	*US$*
Amount due to Investment Manager	**271,171**	276,941

In accordance with the terms of the investment management agreement and the three supplemental agreements thereto, the management and administration fees are calculated and payable quarterly in advance at 0.5% of the net asset value (calculated before deductions of the fees payable to the Investment Manager, the investment adviser and the custodian for that quarter) of the Company calculated on the last business day of the previous quarter.

Amount due to Investment Manager is unsecured, interest free and repayable on demand.

The Company co-invested certain unlisted investments jointly with Ruentex Group of companies and SinoPac Capital Limited.

Certain directors of the Company are also directors of the Investment Manager, Shanghai International Trust and Investment Corporation or SinoPac Capital Limited.

Certain directors of the Company are also directors and/or shareholders of Ruentex Group of companies.

12. SUBORDINATION

As at June 30, 2003, the Company together with other shareholders of an investee company, had entered into a subordination agreement in favor of a bank in respect of a term loan facility granted to the subsidiary of this investee company to the extent of US$35,000,000 ("Subordination Agreement"). At June 30, 2003, the Company did not make any advances to that subsidiary of the investee company. The subsidiary of this investee company was disposed in 2003 and the Subordination Agreement was released on June 30, 2004.

13. POST BALANCE SHEET EVENTS

The following significant events occurred in certain of the Company's unlisted investments subsequent to the interim reporting date:

1. Shanghai Hua Yin Warehouse Co., Ltd. ("Hua Yin"), full provision on the cost of this investment was made in 1999 and efforts have since been made to exit this investment. The Company managed to dispose of its stake at a consideration of RMB1,047,000. Written approval was obtained on July 27, 2004 from the State Administration of Foreign Exchange Bureau to remit the entire proceeds in hard currency. The Company finally completed the share sale in Hua Yin and received US$126,310 on August 2, 2004.

2. Everflow Capital Limited ("Everflow Capital") completed its capital reduction in August 2004 and the Company received its proportionate refund of capital of US$2,174,000 on August 9, 2004. Thereafter, Everflow Capital proceeded with its voluntary liquidation process, which is expected to be completed by the end of this year.

3. The convertible note ("CN") issued by Sino-Wood Partners, Limited ("Sino-Wood") matured on September 9, 2004. Pursuant to the terms and conditions of the CN's subscription agreement, Sino-Wood redeemed the CN at 106.24% of its principal price on September 9, 2004. Together with the 4% annual coupon rate for the 18 months of the tenor, the Company recorded an overall return of 12.31% on this investment.

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL COMMITMENT

The Company continued to maintain a stable and liquid position in 2004. As at June 30, 2004, the Company's cash and bank balances were US$9,787,029 *(December 31, 2003: US$13,777,598)* without any bank borrowing. The fall in cash balances was mainly attributable to dividend payout to shareholders.

The Company did not have any capital commitment on its unlisted investments at the end of June 2004 and December 2003 respectively.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

As a majority of the Company's assets are denominated in United States dollars, the reference currency in which the Company's accounting records are maintained, no material exposure to exchange rate fluctuations is expected. Accordingly there were no hedging instruments transacted to cover such exposure.

EMPLOYEES

The Company does not have any employee as management of its investment portfolio and administration of its operation are administered by the Investment Manager.

DIRECTORS' INTERESTS OR SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2004, the interests or short positions of the Company's directors and their associates in the share capital of the Company as recorded in the register maintained by the Company pursuant to section 352 of The Securities and Futures Ordinance ("SFO") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were stated as follows:

Long Positions in ordinary shares of US$0.10 each of the Company

Name of director	Category of interest	Number of shares
Mr. Chao Hsi-hsiang	Other	42,815 *(Note (a), (b))*
Mr. Chiang Ching-yee	Beneficial & other	55,524 *(Note (c))*

Notes:

(a) Mr. Chao Hsi-hsiang has a 33% interest in Tong Yuan International Ltd., which in turn holds a 1.12% interest in the Company.

(b) Mr. Chao Hsi-hsiang has a 1.18% interest in Ruentex Development Co., Ltd., which in turn holds a 9.34% interest in the Company.

(c) In addition to a direct beneficial interest of 51,000 shares in the Company (representing 0.57% of the issued share capital of the Company), Mr. Chiang Ching-yee has a 4.57% interest in Great China Metal Ind. Co., Ltd., which in turn holds a 1.11% interest in the Company.

Save as disclosed above, none of the directors or their associates had registered any interests or short positions in any shares, underlying shares or debentures of the Company as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

As at June 30, 2004, the register of substantial shareholder maintained by the Company pursuant to Section 336 of the SFO showed that the Company had been notified of the following interests, being 5% or more of the Company's issued share capital:–

Long positions in the ordinary shares of US$0.10 each of the Company:

Name	**Number of shares**	**% held in issuee Share Capital**	*Note*
Mr. Jacob Ezra Merkin	1,956,500	21.97%	*(1)*
Gabriel Capital Corporation ("GCC")	1,407,259	15.80%	*(1)*
Gabriel Capital, L.P. ("Gabriel")	557,241	6.26%	*(1)*
Ariel Fund Limited ("Ariel")	799,190	8.97%	*(1)*
Mr. Hsu Sheng Yu	1,075,040	12.07%	*(2)*
Chung Chia Co., Ltd.("Chung Chia")	598,743	6.72%	*(2)*
Kwang Shun Co., Ltd.("Kwang Shun")	476,297	5.35%	*(2)*
Ms. Hsu Tsui Hua	598,743	6.72%	*(3)*
Ms. Chang Hsiu Yen	476,297	5.35%	*(4)*
Shanghai International Group Corporation Ltd.	503,000	5.65%	*(5)*
Shanghai International Trust Investment Corporation ("SITICO")	503,000	5.65%	*(5)*
Temasek Holdings (Private) Ltd.	500,000	5.61%	*(6)*
Hong Lim Fund Investments Pte Ltd.	500,000	5.61%	*(6)*
Sinopac Global Investment Ltd. ("Sinopac Global")	603,752	6.78%	*(7)*
Ruentex Industries Ltd.	860,752	9.67%	*(7), (8)*
Ruentex Development Co., Ltd.	831,752	9.34%	*(7), (9)*

Notes:

(1) Mr. Jacob Erza Merkin is the General Partner of Gabriel, he was deemed to be interested in 1,956,500 shares by virtue of his 100% control over GCC and Gabriel. Besides, GCC was also deemed to be interested in the Company through its management of Ariel and other funds.

(2) Mr. Hsu Sheng Yu has an indirect interest in the Company through his 50% beneficial interest in each of Chung Chia and Kwang Shun.

(3) Ms. Hsu Tsui Hua has an indirect interest in the Company through her 50% beneficial interest in Chung Chia.

(4) Ms. Chang Hsiu Yen has an indirect interest in the Company through her 50% beneficial interest in Kwang Shun.

(5) Shanghai International Group Corporation Ltd. has an indirect interest in the Company through its approximately 66.33% equity interest in SITICO.

(6) Hong Lim Fund Investments Pte. Ltd. is a wholly-owned subsidiary of Temasek Holdings (Private) Ltd.

(7) Ruentex Construction Int'l (BVI) Ltd. ("Ruentex Construction") and Full Shine Int'l Holdings Ltd. ("Full Shine") each has a 49.06% equity interest in Sinopac Global.

(8) Apart from a direct holding of 257,000 shares in the Company, Ruentex Industries Ltd. has acquired an indirect interest in the Company through its 100% ownership of Full Shine.

(9) Apart from a direct holding of 228,000 shares in the Company, Ruentex Development Co., Ltd. has acquired an indirect interest in the Company through its 100% ownership of Ruentex Construction.

Other than disclosed above, the Company has not been notified of any other interests or short positions representing 5% or more of the Company's issued share capital as at June 30, 2004.

PURCHASE, SALE AND REDEMPTION OF SECURITIES

During the six months ended June 30, 2004, the Company did not purchase, sell nor redeem any of its own securities.

CORPORATE GOVERNANCE

The directors are not aware of any information that would reasonably indicate that the Company was not in compliance with the "Code of Best Practice" (the "Code") as set out in Appendix 14 of the Listing Rules during the period.

During the six months ended June 30, 2004, the Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding directors' securities transactions. The Company has made specific enquiry of all directors regarding any non-compliance with Model Code during the six months ended June 30, 2004, and they have all confirmed their full compliance with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Company has established an Audit Committee since 1999 in accordance with paragraph 14 of the Code. The Audit Committee comprises three non-executive directors, two of them being independent. The Audit Committee has reviewed with management the Company's financial reporting process and discussed accounting control matters, including a review of these unaudited financial statements.

By Order of the Board
Wu Choi Sun, William
Executive Director

Hong Kong, September 21, 2004

INDEPENDENT REVIEW REPORT

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF
SHANGHAI INTERNATIONAL SHANGHAI GROWTH INVESTMENT LIMITED
(incorporated in the Cayman Islands with limited liability)

Introduction

We have been instructed by Shanghai International Shanghai Growth Investment Limited (the "Company") to review the interim financial report set out on pages 6 to 14.

Directors' Responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the Statement of Standard Accounting Practice No. 25 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Review Work Performed

We conducted our review in accordance with the Statement of Auditing Standards No. 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of the Company's management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review Conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended June 30, 2004.

Without modifying our review conclusion, we draw to your attention that the comparative condensed income statement, condensed cash flow statement and statement of changes in equity for the six months ended June 30, 2003 disclosed in the interim financial report have not been reviewed by us.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
September 21, 2004