SHANGHAI INTERNATIONAL SHANGHAI GROWTH INVESTMENT LIMITED

(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

INTERIM REPORT 2005

For the six months ended June 30, 2005

INVESTMENT MANAGER

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

CONTENTS

CORPORATE INFORMATION

Directors
Executive Directors:
Mr. Wu, Choi Sun William
Dr. Xue, Wanxiang

Independent Non-Executive Directors:
Mr. Ong, Ka Thai
Mr. Yick, Wing Fat Simon
Dr. Hua, Min

Other Non-Executive Directors:
Mr. Cai, Nongrui
Mr. Chen, Chi-chuan
Mr. Chiang, Ching-yee
Mr. Chiu, Tak-chiang
(also known as Yau, Tak-chiang)
Mr. Hu, Jinggang
Mr. Lee, Tien-chieh
Mr. Tseng, Ta-mon
Dr. Wang, Changhong
Mr. Zhou, Youdao

Company Secretary
Mr. Liang, Kwan Wah Andrew

Investment Manager
Shanghai International Asset
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Legal Advisers
In Hong Kong:
Charltons Solicitors & Notary Public

In the Cayman Islands:
Maples and Calder

Auditors
Deloitte Touche Tohmatsu
Certified Public Accountants

Custodian
State Street Bank and Trust Company

Share Registrars
Secretaries Limited
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Stock Code
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The Board of Directors (the "Board") of Shanghai International Shanghai Growth Investment Limited (the "Company") is pleased to present the unaudited interim results of the Company for the six months ended June 30, 2005.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Company recorded a net profit of US$4,777,914 for the six months ended June 30, 2005 (2004: US$2,547,761), representing an increase of 87.53% over the same period in 2004. This is mainly attributable to realized gains from the Company's disposal of unlisted investments.

As at June 30, 2005, the Company's net asset value ("NAV") per share was US$4.80 subsequent to its distribution in June of US$1.50 per share of combined final and special dividends for 2004, down 2.83% compared to that at the end of the previous year on an ex-dividend basis. At the end of the period under review, the Company's share price was US$4.10 (December 31, 2004: US$4.60), reflecting a 14.58% discount to NAV per share and a 21.74% improvement before dividend payment for 2004.

INVESTMENT REVIEW

UNLISTED INVESTMENTS PORTFOLIO

As at June 30, 2005, the Company's unlisted investments portfolio comprised of two active investments, namely Shanghai Lian Ji Synthetic Fiber Co., Ltd. and Shanghai Well Bright Foods Co., Ltd. and one divesting project, Zhejiang Huguang Heat and Power Co., Ltd., completion of which is contingent upon approval to be received from relevant authorities in China for its share sale.

The Company continued to make progress in divesting from its various investments:–

- In January, the Company received US$14.79 million from its shares sale in Concord Greater China Ltd. The divestment represented a realized gain of US$6.09 million, which was recorded as an unrealized gain at end of December 2004.

- In April, the Company divested its equity stake in Suzhou Taihai Automobile Ferry and Wharf Co., Ltd. ("Taihai Ferry") for a consideration of US$1.71 million and registered a realized gain of US$596,000.

- At the end of June, the Company received US$1.86 million of the total consideration for its shares in Zhejiang Huguang Heat and Power Co., Ltd. and the remaining US$1.66 million, representing prior years dividend collected in RMB, was also remitted to the Company in hard currency in July.

- As an ongoing effort to recoup investments in GSMC International Limited, which the Company exited in 2002, the Company received US$60,000 in 2005 as portion of residual balance of invested capital plus accrued interest at a rate of 8% per annum on outstanding principal.

During the first half of 2005, the Company registered a total cash inflow of US$18.36 million from divestments plus US$560,000 from Taihai Ferry as its 2004 dividend entitlement.

DIVESTMENTS

Concord Greater China ("CGC")

The Company entered into a sale and purchase agreement in December 2004 with one of the shareholders in CGC to dispose of the Company's entire stake in CGC. The consideration was US$14.79 million, and completion took place on January 25, 2005. An unrealized gain of US$6.09 million has already been recorded at the end of December 2004.

Taking into account previous dividends already received from CGC, the Company's exit from this investment represented an overall return of US$12.165 million (inclusive of prior dividends received) or a total rate of return of 139.83% over the period of investment.

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

China's Bureau of Transportation issued a decree to all ferry operators stipulating measures to be taken to ensure safer voyages. The Company disagreed with the other two shareholders on their proposal to build a new pier, which would incur substantial capital expenditure, by proposing to retrofit all existing ferries at lesser costs. The other two shareholders vehemently opposed the Company's position, and incorporated a new company unilaterally to begin construction of a new pier upstream. Realizing the impasse would not lead to any satisfactory solution, and although the Company could resort to legal procedure, nothing much is expected to come out from it. The Company therefore conducted a series of negotiations with the other two shareholders with a singular objective to exit from this investment.

Through relentless efforts, the Company identified an independent purchaser, and after procuring waiver from the other two shareholders not to exercise their pre-emptive rights, the Company entered into a sale and purchase agreement with the purchaser to dispose of its entire stake in Taihai Ferry for a total consideration of US$1.71 million.

The Company received approval from the relevant Chinese authorities for its share sale in April, and received payment in full within the same month. The Company's exit from Taihai Ferry represented a total return of US$3.52 million and an overall return of 132% for this project.

In addition to the consideration from share sale, the Company also received US$560,000 for its 2004 dividend entitlement from Taihai Ferry in June 2005.

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

Beginning 1998, the Chinese government decreed against guaranteed returns to be made by any Chinese partner to its foreign counterparts in all sino-foreign joint ventures. Citing the decree as an excuse, Zhejiang Huguang suspended the fixed return to the Company as of 2001. After much efforts have been exhausted to retreat from the stalemate, the Company identified and entered into a conditional sale and purchase agreement with an independent third party purchaser to dispose of its entire beneficial interests in Zhejiang Huguang at end of December 2004.

In accordance with the terms and conditions of the agreement, completion of the share sale were to take place before the end of the first quarter in 2005 unless otherwise agreed between parties. However, progress was delayed due to reasons of the purchaser. Knowing the delay resulted from procedural reason and not otherwise, the Company agreed to extend the completion date. The purchaser honored the progress payments and by the end of June, the Company received US$1.86 million. The remaining US$1.66 million, representing past dividends collected in RMB, was remitted in hard currency to the Company in July 2005. The Company will work closely to assist the purchaser to obtain the necessary approval from the relevant government authorities and complete the share transfer.

CURRENT INVESTED PORTFOLIO

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

Due to strong demand and uneventful increase in production by the oil producing nations, oil price and raw materials prices remained high during the first half of 2005. China's textile industry was not only affected by high oil prices, but also from the threat of quota to be imposed by the US and EU on textile imported from China, such concern prompted textile manufacturers to scale back massive production. As a result, demand for downstream synthetic fiber dropped sharply during the period and utilization rate of the synthetic fiber industry fell to its nadir. Nevertheless, downstream synthetic fiber within the China market was still plagued by the overhang of overcapacity and sluggish demand. The fact that Lian Ji's products are matured commodity in nature, factors afore-mentioned created an uphill challenge for Lian Ji to become profitable.

Given the continuing operating loss and adverse market conditions, Lian Ji trimmed its production further to minimize loss. In addition, Lian Ji substitutes with cheaper materials to lower overall material costs while re-adjusting the proportion of long-term and spot contracts. Product wise, Lian Ji increases sales of higher price fiber products to compensate for profit erosion. Nevertheless, Lian Ji still reported an unaudited net loss of approximately RMB145 million for the first half of 2005.

Against the backdrop of high material costs, threat of textile quotas, and further revaluation of the RMB, Lian Ji is unlikely to retreat from loss and prospect of turning around in the near future is not visible. Accordingly, the Company has, in addition to the US$1 million provision made in December 31, 2004, made a further provision of US$2 million as impairment in value of this investment as at June 30, 2005.

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

During the period under review, the Chinese FDA discovered and banned the use of Sudan I, a carcinogenic food coloring additive. That incident has a broad stroke impact on the food industry. Kentucky Fried Chicken in China ("KFC"), Well Bright's major client, immediately suspended sales of chicken after the news broke out. Even after the incident was efficiently contained, KFC's demand for Well Bright's frozen meat dropped significantly. Although Well Bright introduced pork burgers in April to make up for revenue loss, the results fell below management's expectation and supply of the new product was discontinued in June. Well Bright reported an unaudited net loss of RMB1.6 million for the first half of 2005.

With receding gross margin from traditional chicken products, Well Bright's profitability is expected to remain disappointing in the near term. To offset decreasing sales to KFC, Well Bright re-adjusts the proportion of its mutton and beef products in favor of the former to boost revenue growth and improve gross profit.

LISTED INVESTMENTS PORTFOLIO

Listed securities - Non-tradable

Semiconductor Manufacturing International Corporation ("SMIC")

Established in 2000, SMIC has four 8-inch wafer fabrication facilities in volume production in Shanghai and Tianjin. In the first quarter of 2005, SMIC commenced commercial production at its 12-inch wafer fabrication facility in Beijing. It has emerged as China's largest chip maker and one of the leading semiconductor foundries in the world, providing integrated circuit manufacturing at 0.35-micron to 0.11-micron and finer line technologies to customers worldwide.

In January 2005, SMIC reached an out-of-court settlement with Taiwan Semiconductor Manufacturing Company Limited ("TSMC"), ending a yearlong lawsuit alleging patent infringement and misappropriation of trade secrets accused by TSMC. The settlement is viewed to have a positive impact on SMIC as it alleviates the overhang of what could have been a prolonged legal dispute at the expense of resources and time and allows SMIC to concentrate on its pursuit to develop and expand its business without distraction.

SMIC and United Test and Assembly Center Ltd. (UTAC), a Singapore listed company, entered into joint venture arrangements in May to provide assembly and testing services in Chengdu, China, primarily focusing on memory and logic chips. SMIC would invest US$51 million in cash for 51% equity interest of the joint venture company. The assembly and testing facility is located in Chengdu's Special Export Manufacturing Zone. Mass production is expected to commence in the fourth quarter of 2005.

In addition, SMIC announced it had built up a cooperation relationship with Israel's SAIFUN, which granted SMIC an exclusive right to use the SAIFUN NROMR flash memory technology in product manufacturing. The flash memory technology is widely used and rapidly developed in communication consumer products. It may benefit the industry to enhance the utilization rate of output capacity during low demand cycles. In addition, SMIC will recycle and use scrapped wafers to manufacture solar energy absorbing sheets. A production facility for solar energy absorbing sheets will be constructed beginning the third quarter of 2005 and operation is expected to commence in the last quarter this year.

In the first quarter of 2005, SMIC's sales decreased 14.7% from US$291.8 million in the previous quarter to US$248.8 million mainly due to industry softness and a generally tough pricing environment for foundries. SMIC reported an increase in capacity to 131,172 8-inch equivalent wafers per month and an 85% utilization rate in the quarter. Gross margins were 3.4% compared to 20.3% in the fourth quarter of 2004. Net loss increased from US$11.2 million in the fourth quarter of 2004 to US$30.0 million in the first quarter of 2005 primarily as a result of payment by SMIC to TSMC as part of their out-of-court settlement and amortization charges.

In the second quarter, the average selling price dropped 2.7% quarter-on-quarter and gross profit margin fell to 2.3%. Losses for the second quarter widened to US$40 million. However, sales increased 16% and utilization rate rose to 87%. Asset turnover ratio also improved. SMIC's operations showed signs of retreating from the bottom. Analysts expect losses in the coming quarter to decline and the operating environment in the second half of this year may improve.

For the six months ended June 30, 2005, SMIC reported an unaudited operating loss of US$70 million as compared to a profit of US$42.8 million in the corresponding six months of 2004. The loss is believed to be attributable to the specified payment to TSMC for 6 years in accordance with terms of the settlement and the overall decline in average selling price in the semiconductor industry. On the other hand, SMIC generated a revenue growth of 29.5% to US$528.3 million as compared to US$407.9 million in the first six months of 2004.

The Company invested approximately US$6 million in SMIC's unlisted shares since 2001 and the investment was converted into 54 million shares upon SMIC's listing in March 2004. As of June 30, 2005, 38 million listed shares in SMIC were held by the Company, of which 26 million shares are subject to a three-year lock-up obligation, with portion released bi-annually to become freely tradable.

Listed securities - Tradable

All three major indices in the US market retreated in the first half of 2005. Dow Jones Index, S&P 500 and NASDAQ were down 4.71%, 1.7% and 5.45% respectively. The Federal Reserve raised interest rates four times during the first six months, together with sharply higher oil prices and reduced spending which led to a sluggish performance in the US market.

The mild strengthening of the US dollar also tames export by multi-national companies with increased costs. In addition, the US dollar yield curve is flattening and is set to flatten further in the coming months. Though the US economy reported a GDP growth of over 3% for nine straight quarters, and earnings from S&P 500 have been encouraging, the conundrum between the 10-year bond yield and the Fed fund rate, with a zero savings rate in the US raises some concern in the larger picture. Interpreting the Fed policy maker's statement from "future interest rates may remain low for a considerable period" in August 2003, to "its position could be patient in removing its policy accommodation" in the three months of 2004, to "interest rates need to be increased at a measured pace" indicates interest rate hikes will continue to be the Fed's tool to curb inflation. The Fed's policy will continue to have an impact on the market's short-term volatility.

On the domestic front, speculation on RMB appreciation, continuous strengthening in the property market in the first half of 2005, encouraging indices released by the Government, and the anticipated on-schedule opening of Disneyland on September 12, 2005 sent the Hang Seng Index ("HSI") from its low of around 13,337 at the end of March to close at 14,201 at the end of June. Overall, for the first half of 2005, HSI was down 0.2%, whereas the Company's listed securities portfolio recorded a 0.73% gain.

Tourism continues to remain strong. Unemployment rate fell to 5.7% in May and June, lowest since October 2001, and is expected to improve in coming months with retail stores, hotels, and restaurants continue to hire. Chinese from the mainland are not the only tourists coming to Hong Kong, the number of overseas visitors are also rising. In fact, between November 2004 and April 2005, overseas visitors have exceeded those from the mainland with a year-on-year growth rate of 19.9%, surpassing the growth in the number of mainland visitors by 7.5%. On the back of the number of visitors to be brought about by Disneyland and the WTO ministerial conference to be held in Hong Kong in December 2005, the city's tourism will usher in a new era of visitors, resulting in more jobs.

In China, credit tightening and related macro controls has seen M2 growth declining to 14.7% in May. These measures also resulted in weak domestic demand for commodities since the beginning of 2005. Property market, which started its torrid growth in 2003, is also subject to a correction by government policies. The effect of the austerity measures and the resultant decline in monetary base has dampened H-share performance with a number of H-share companies having posted profit warnings in their first half results. Nevertheless, with oil prices lingering high, the Chinese H-share index HSCEI, led by Petrochina, was able to post a gain of 2.5% for the first half of 2005.

China revalued its currency modestly upward by 2.1% against the US dollar with a fluctuation band of 0.3% on either side. The much debated revaluation signifies China's abandonment of pegging the RMB to the US dollar after a decade, and instead referred to a basket of currencies including the US dollar, Japanese Yen, Hong Kong dollar, and Euro. The move will provide China with a more flexible regime in its financial system. It appeases some of the harsher critics, and arms itself with the arsenal to use against speculators. With so much intra-Asian trade being driven by China, the RMB has begun to emerge as a key proxy currency for regional central banks. The Company believes the revaluation will have minimal direct impact on China's economy in the near term as its investment cycle still dictates its economy in 2006.

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL COMMITMENT

As a result of its success in exiting from invested projects, the Company is able to continue and maintain a stable and liquid position in 2005 even after the dividend payout of US$13.36 million for 2004. As at June 30, 2005, the Company's bank balances were US$20.26 million (December 31, 2004: US$13.04 million), of which US$2.5 million (December 31, 2004: US$2.5 million) were held in RMB equivalent in the form of deposits held in a financial institution registered in mainland China. RMB is not a freely convertible currency and the RMB exchange rate remained stable during the period.

The Company did not have any bank borrowing or capital commitment on its unlisted investments at end of June 2005 and December 2004 respectively.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

Except for the RMB bank deposits, the majority of the Company's assets are denominated in US 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. On July 21, 2005, the People's Bank of China adjusted the exchange rate of RMB to US dollars from 8.2765 to 8.1100. In view of the magnitude of this adjustment, the appreciation of RMB has positive but immaterial impact to the Company.

PROSPECTS

With its monetary policy peg to the US dollar, Hong Kong operates as a currency board system. There is also sound liquidity in its financial system with resultant pricing capabilities by companies. In addition, Hong Kong's proximity and dependence on China also subjects itself to the influences of China's economic cycle.

The managed revaluation of the RMB encourages speculation on further revaluation. As such, liquidity continues to flow into the Hong Kong market. As long as such liquidity remains in the region, the stock market will be momentum and liquidity driven regardless of the fundamentals of individual stocks, and sentiments will remain positive. The Company will continue to improve the performance of its listed securities portfolio by keeping close touch with the market.

During the first half of 2005, the Company has reviewed more than 40 investment opportunities, and conducted a number of site visits for due diligence. Despite the presence of good business prospects in some of the projects, further studies revealed uncertainties of those projects' ability to generate profits in the near term and/or lack of clear exit alternatives. The Company remains prudent in its scrutiny process, and will continue to identify promising projects to invest in.

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

Hong Kong, September 22, 2005

CONDENSED INCOME STATEMENT

For the six months ended June 30, 2005

		Unaudited	
		Six months ended June 30,	
		2005	2004
	Notes	***US$***	*US$*
Investment income	*3*	**899,428**	1,191,162
Gain on sale of investments in listed securities		**55,876**	2,327,075
Gain on sale of investments in unlisted securities		**6,685,728**	–
Reversal of provision previously recognized in respect of a property held for resale		**33,000**	–
Impairment loss recognized in respect of an investment in unlisted securities	*4*	**(2,000,000)**	(135,455)
		5,674,032	3,382,782
Operating expenses			
– Investment Manager's fee		**(566,056)**	(589,909)
Administrative expenses		**(330,062)**	(245,112)
		(896,118)	(835,021)
Profit for the period		**4,777,914**	2,547,761
Earnings per share – basic	*7*	**53.65cents**	28.61cents

CONDENSED BALANCE SHEET

As at June 30, 2005

	Notes	Unaudited June 30, 2005 US$	Audited December 31, 2004 US$
NON-CURRENT ASSETS			
Investments in unlisted securities	8	**8,931,123**	26,841,095
Investments in listed securities – tradable	9	**9,176,637**	9,238,632
Investments in listed securities – non-tradable	10	**5,393,917**	7,420,709
		23,501,677	43,500,436
CURRENT ASSETS			
Property held for resale	11	**600,000**	567,000
Dividend, interest and other receivables and prepayments		**515,345**	615,249
Bank balances		**20,258,626**	13,038,078
		21,373,971	14,220,327
CURRENT LIABILITIES			
Creditors, deposits received and accrued charges		**1,930,516**	54,547
Amount due to Investment Manager		**241,689**	292,694
		2,172,205	347,241
NET CURRENT ASSETS		**19,201,766**	13,873,086
		42,703,443	57,373,522
CAPITAL AND RESERVES			
Share capital	12	**890,500**	890,500
Reserves		**41,812,943**	56,483,022
		42,703,443	57,373,522
NET ASSET VALUE PER SHARE	13	**4.80**	6.44

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2005

	Share Capital US$	Share Premium US$	Capital Reserve US$	Accumulated Profits US$	Total US$
At January 1, 2005	**890,500**	**52,139,435**	**463,644**	**3,879,943**	**57,373,522**
Fair value changes of investments in listed securities recognized directly in equity (Note 1)	-	-	(493)	-	(493)
Release of appreciation in value previously recognized in respect of an investment in unlisted securities upon disposal	-	-	(6,090,000)	-	(6,090,000)
Profit for the period	-	-	-	4,777,914	4,777,914
Total recognized (expenses) income for the period	-	-	(6,090,493)	4,777,914	(1,312,579)
Transfers to capital reserve (Note 2):					
- Gain on sale of investments in listed and unlisted securities	-	-	6,741,604	(6,741,604)	-
- Reversal of provision previously recognized in respect of a property held for resale	-	-	33,000	(33,000)	-
- Impairment loss recognized in respect of an investment in unlisted securities	-	-	(2,000,000)	2,000,000	-
Dividends paid	-	(10,686,000)	-	(2,671,500)	(13,357,500)
At June 30, 2005	**890,500**	**41,453,435**	**(852,245)**	**1,211,753**	**42,703,443**

CONDENSED STATEMENT OF CHANGES IN EQUITY *(Continued)*

For the six months ended June 30, 2004

	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 gains on revaluation of investments in listed securities recognized directly in equity (Note 1)	-	-	3,669,095	-	3,669,095
Profit for the period	-	-	-	2,547,761	2,547,761
Total recognized income for the period	-	-	3,669,095	2,547,761	6,216,856
Transfers to capital reserve (Note 2):					
– Gain on sale of investments in listed securities	-	-	2,327,075	(2,327,075)	-
– Impairment loss recognized in respect of investment in unlisted securities	-	-	(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

Notes:

(1) For securities that are classified as available-for-sale investments, fair value changes 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.

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

CONDENSED CASH FLOW STATEMENT

For the six months ended June 30, 2005

	Unaudited Six months ended June 30, 2005 *US$*	2004 *US$*
Net cash from operating activities	**68,178**	68,038
Net cash from investing activities:		
Proceeds from disposal of listed securities – tradable	**4,658,776**	6,300,063
Proceeds from disposal of unlisted securities	**16,505,700**	–
Deposits received for the disposal of an investment in unlisted securities	**1,860,000**	–
Purchase of listed securities – tradable	**(2,514,606)**	(3,234,670)
	20,509,870	3,065,393
Net cash used in financing activities:		
Final dividend paid	**(2,671,500)**	(2,671,500)
Special dividend paid	**(10,686,000)**	(4,452,500)
	(13,357,500)	(7,124,000)
Net increase (decrease) in cash and cash equivalents	**7,220,548**	(3,990,569)
Cash and cash equivalent at beginning of the period	**13,038,078**	13,777,598
Cash and cash equivalent at end of the period	**20,258,626**	9,787,029
Analysis of the balances of cash and cash equivalents		
Cash at bank	**17,722,638**	7,155,304
Bank balances in Renminbi (Note)	**2,535,988**	2,631,725
	20,258,626	9,787,029

Note:

Bank balances in Renminbi represent deposits kept in a financial institution registered in mainland China. Renminbi is not a freely convertible currency.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended June 30, 2005

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements set out in Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING PRACTICE

The condensed financial statements have been prepared under the historical cost basis except for certain financial instruments which are measured at fair value, as appropriate.

The accounting policies used in the interim financial statements are consistent with those followed in the preparation of the Company's audited annual financial statements for the year ended December 31, 2004, except as described below.

In the current period, the Company has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), HKASs and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are effective for accounting periods beginning on or after January 1, 2005. The adoption of the new HKFRSs has had no material effect on how the results for the current or prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

Financial Instruments

In the current period, the Company has applied HKAS 32 Financial Instruments: Disclosure and Presentation and HKAS 39 Financial Instruments: Recognition and Measurement. HKAS 32 requires retrospective application. The application of HKAS 32 has had no material effect on the presentation of the Company's financial statements for the current and prior periods. HKAS 39, which is effective for annual periods beginning on or after January 1, 2005, generally does not permit recognition, de-recognition or measurement of financial assets and liabilities on a retrospective basis. The principal effects resulting from implementation of HKAS 39 are summarized below:

Classification and measurement of financial assets and financial liabilities

The Company has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

2. PRINCIPAL ACCOUNTING PRACTICE *(Continued)*

Up to December 31, 2004, the Company classified and measured its investment in equity securities in accordance with the alternative treatment of Statement of Standard Accounting Practice 24 ("SSAP 24"). Under SSAP 24, the Company's investments in equity securities are classified as "non-trading securities" and are measured at fair value. Unlisted securities which fair value cannot be reliably measured are stated at cost, net of any impairment loss. Unrealized gains or losses of "non-trading securities" are reported in equity until the securities are sold or determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the net profit or loss for that period. From January 1, 2005 onwards, the Company classifies and measures its investments in equity securities in accordance with HKAS 39. Under HKAS 39, the Company classified its investments in equity securities as "available-for-sale financial assets". "Available-for-sale financial assets" are carried at fair value with changes in fair value recognized in equity, except for certain investments in unlisted securities which are carried at cost less impairment when the fair value of them cannot be reliably measured. The adoption of the transitional provisions in HKAS39 has no material effect on how the Company's results for the current or prior accounting periods are prepared and presented.

3. INVESTMENT INCOME

	Six months ended June 30,	
	2005	2004
	US$	*US$*
Dividend Income		
– Listed securities	**107,779**	104,044
– Unlisted investments	**566,277**	1,009,295
Interest income	**225,372**	77,823
	899,428	1,191,162

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

4. IMPAIRMENT LOSS RECOGNIZED IN RESPECT OF AN INVESTMENT IN UNLISTED SECURITIES

Impairment loss was recognized based on the estimated recoverable amount of an investment in unlisted securities which has been making continuous loss.

5. TAXATION

No provision for Hong Kong Profits Tax has been made in the financial statements as the Company has no assessable profits for both periods.

6. DIVIDENDS

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

	Six months ended June 30,	
	2005	2004
	US$	*US$*
2004 final dividend @US$0.30 per share (2003 final dividend: US$0.30 per share)	**2,671,500**	2,671,500
2004 special final dividend @US$1.20 per share (2003 special final dividend: US$0.50 per share) deducted from share premium account	**10,686,000**	4,452,500
	13,357,500	7,124,000

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2005 (2004: Nil).

7. EARNINGS PER SHARE – BASIC

The calculation of basic earnings per share is based on the net profit for the period of US$4,777,914 (for the six months ended June 30, 2004: US$2,547,761) and 8,905,000 (for the six months ended June 30, 2004: 8,905,000) ordinary shares in issue.

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

8. INVESTMENTS IN UNLISTED SECURITIES

	June 30,	December 31,
	2005	2004
	US$	*US$*
Unlisted investments in the People's Republic of China (the "PRC")	**8,931,123**	26,841,095

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.

9. INVESTMENTS IN LISTED SECURITIES – TRADABLE

	June 30, 2005	December 31, 2004
	US$	*US$*
Listed securities, at fair value:		
Shares listed on Hong Kong stock exchange	7,506,861	7,361,506
Shares listed on Taiwan stock exchange	1,669,776	1,877,126
	9,176,637	9,238,632

The investments in listed securities are held for long term and non-trading in nature.

10. INVESTMENTS IN LISTED SECURITIES – NON-TRADABLE

The amount represents the investment in Semiconductor Manufacturing International Corporation ("SMIC"), whose shares are listed in both 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.

11. PROPERTY HELD FOR RESALE

The property is located in the PRC and held under a long lease. The property is stated at net realizable value at the balance sheet date. It is the intention of the Directors to hold the property for resale. The Company did not receive any rental income from the property held for resale for the period ended June 30, 2005 and for the year ended December 31, 2004.

12. SHARE CAPITAL

	Number of ordinary shares of US$0.1 each	**Share capital**
		US$
Authorized:		
At December 31, 2004 and June 30, 2005	18,000,000	1,800,000
Issued and fully paid:		
At December 31, 2004 and June 30, 2005	8,905,000	890,500

13. 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, 2005 of US$42,703,443 (at December 31, 2004: US$57,373,522) and on the 8,905,000 (at December 31, 2004: 8,905,000) ordinary shares in issue as at June 30, 2005.

14. RELATED PARTY TRANSACTIONS

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

	Six months ended June 30,	
	2005	2004
	US$	*US$*
Investment management and administration fees paid and payable to Shanghai International Asset Management (H.K.) Co., Ltd. (the "Investment Manager")	**566,056**	589,909

	June 30,	December 31,
	2005	2004
	US$	*US$*
Amount due to Investment Manager	**241,689**	292,694

In accordance with the terms of the investment management agreement and the three subsequent supplemental agreements, the management and administration fees are calculated and payable quarterly in advance at 0.5% of the net asset value (calculated before deductions of 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.

Without any changes in the calculation of management and administrative fee, the Company entered into a Fourth Supplemental Agreement on April 11, 2005 for a term of 3 years commencing July 1, 2005.

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

Certain directors of the Company are also directors of the Investment Manager.

15. APPROVAL OF CONDENSED FINANCIAL STATEMENTS

The condensed financial statements were approved and authorized for issue by the Board of the Company on September 22, 2005.

OTHER INFORMATION

DIRECTORS' INTERESTS OR SHORT POSITIONS IN SHARES

At June 30, 2005, the interests or short positions of the Company's directors in the shares of the Company as recorded in the register maintained by the Company pursuant to section 352 of the Securities and Futures Ordinance (the "SFO") were stated as follows:

Name of director	Number of shares held for personal interests	Percentage of total issued shares
Chiang Ching-yee	51,000	0.57%

Save as disclosed above, none of the directors nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at June 30, 2005.

DIRECTORS' INTEREST IN CONTRACTS

Other than the Investment Management Agreement described above, no contracts of significance to which the Company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

EMPLOYEES

Other than the engagement of a full-time qualified accountant as required under the amended Listing Rules, the Company has no other employee. In addition to basic salary payment, other benefits include contributory provident fund scheme and medical scheme. The Company continues to delegate the day-to-day administration of its investment portfolio to the Investment Manager.

PURCHASE, SALE AND REDEMPTION OF SECURITIES

During the six months ended June 30, 2005, the Company did not purchase, sell or redeem any of the Company's own securities.

SUBSTANTIAL SHAREHOLDERS

Other than disclosed under “Directors’ Interests or Short Positions in Shares”, as at June 30, 2005, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

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

Name	Number of shares	Approximate percentage	*Notes*
Mr. J. Ezra Merkin	1,859,500	20.88%	*(1)*
Gabriel Capital Corporation (“GCC”)	1,341,160	15.06%	*(1)*
Gabriel Capital, L.P. (“Gabriel”)	518,340	5.82%	*(1)*
Ariel Fund Limited (“Ariel”)	764,459	8.58%	*(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. J. Erza Merkin is the General Partner of Gabriel, he was deemed to be interested in 1,859,500 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 Limited has an indirect interest in the Company through its 100% ownership in Full Shine.

(9) Apart from a direct holding of 228,000 shares in the Company, Ruentex Development Co., Ltd has an indirect interest in the Company through its 100% ownership in 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, 2005.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies ("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 of any non-compliance with the Model Code during the six months ended June 30, 2005, 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, currently comprises four non-executive directors, three of them being independent. The Audit Committee has reviewed with management the Company's financial reporting process and discussed internal control matters, including a review of the unaudited interim financial statements.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions of the Code on Corporate Governance Practice in Appendix 14 to the Listing Rules throughout the six months ended June 30, 2005.

Deloitte.
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INDEPENDENT REVIEW REPORT

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 11 to 20.

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 Hong Kong Accounting Standard 34 "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 Statement of Auditing Standards 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, 2005.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
September 22, 2005