

SHANGHAI INTERNATIONAL SHANGHAI GROWTH INVESTMENT LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 770)

2007 INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2007

The Board of Directors (the “Board”) of Shanghai International Shanghai Growth Investment Limited (the “Company”) is pleased to announce the unaudited interim results of the Company for the six months ended June 30, 2007, along with comparative figures for the corresponding period in 2006. Such results have been reviewed by the audit committee (“Audit Committee”) and the external auditors of the Company.

CONDENSED INCOME STATEMENT

For the six months ended June 30, 2007

		Six months ended	
		June 30, 2007 (unaudited) US\$	June 30, 2006 (unaudited) US\$
	Notes		
Investment income	3	347,860	370,557
Gain on sale of investments in listed securities		2,806,321	765,984
Increase in fair value of an investment property	8	20,000	40,000
		<u>3,174,181</u>	<u>1,176,541</u>
Operating expenses			
– Investment Manager’s fee		(278,738)	(365,750)
Administrative expenses		(195,244)	(226,903)
		<u>(473,982)</u>	<u>(592,653)</u>
Profit for the period		<u>2,700,199</u>	<u>583,888</u>
EARNINGS PER SHARE – BASIC	6	<u>30.32 cents</u>	<u>6.56 cents</u>

CONDENSED BALANCE SHEET

As at June 30, 2007

		June 30, 2007	December 31,
		(unaudited)	(audited)
	<i>Notes</i>	<i>US\$</i>	<i>US\$</i>
NON-CURRENT ASSETS			
Investments in listed securities	7	10,019,890	9,863,728
Investment property	8	700,000	680,000
		<u>10,719,890</u>	<u>10,543,728</u>
CURRENT ASSETS			
Dividend, interest and other receivables and prepayments		165,830	213,237
Consideration receivable from disposal of an unlisted investment		1,160,000	2,310,000
Bank balances		14,154,967	14,843,855
		<u>15,480,797</u>	<u>17,367,092</u>
CURRENT LIABILITIES			
Accrued charges		50,089	45,771
Amount due to Investment Manager		151,632	148,394
		<u>201,721</u>	<u>194,165</u>
NET CURRENT ASSETS		<u>15,279,076</u>	<u>17,172,927</u>
		<u>25,998,966</u>	<u>27,716,655</u>
CAPITAL AND RESERVES			
Share capital		890,500	890,500
Reserves		25,108,466	26,826,155
		<u>25,998,966</u>	<u>27,716,655</u>
NET ASSET VALUE PER SHARE	9	<u>2.92</u>	<u>3.11</u>

Notes:

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 (“Stock Exchange”) (“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 condensed financial statements are consistent with those followed in the preparation of the Company’s audited annual financial statements for the year ended December 31, 2006.

In the current interim period, the Company has applied, for the first time, a number of new standards, amendments and interpretations (new “HKFRSs”) issued by the HKICPA, which are effective for accounting periods beginning on 1 January 2007. The adoption of these new HKFRSs has had no material effect on how the results for the current and prior accounting periods are prepared and presented. Accordingly, no prior period adjustment is required.

The Company has yet to apply the following new standard, amendment and interpretations that have been issued but are not yet effective. The directors anticipate that the application of these standard, amendment or interpretations will have no material impact on the results and financial positions of the Company.

HKAS 23 (Revised)	Borrowing costs ¹
HKFRS 8	Operating segments ¹
HK(IFRIC) - INT 11	HKFRS 2: group and treasury share transactions ²
HK(IFRIC) - INT 12	Service concession arrangements ³

¹ Effective for annual periods beginning on or after January 1, 2009.

² Effective for annual periods beginning on or after March 1, 2007.

³ Effective for annual periods beginning on or after January 1, 2008.

3. INVESTMENT INCOME

	Six months ended June 30,	
	2007	2006
	US\$	US\$
Dividend income from listed securities	61,756	114,979
Interest income	286,104	255,578
	<u>347,860</u>	<u>370,557</u>

No segment information is presented as the Company has only one business activity, namely investment holding, and operates in the Greater China region only.

4. 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.

5. DIVIDENDS

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

	Six months ended June 30,	
	2007	2006
	<i>US\$</i>	<i>US\$</i>
2006 special final dividend – US\$0.50 per share (2005: US\$1.20 per share) from the share premium account	<u>4,452,500</u>	<u>10,686,000</u>

The directors do not recommend the payment of an interim dividend for the six months ended June 30, 2007 (2006: Nil).

6. EARNINGS PER SHARE – BASIC

The calculation of basic earnings per share is based on the net profit for the period of US\$2,700,199 (for the six months ended June 30, 2006: US\$583,888) and 8,905,000 (for the six months ended June 30, 2006: 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.

7. INVESTMENTS IN LISTED SECURITIES

	June 30,	December 31,
	2007	2006
	<i>US\$</i>	<i>US\$</i>
Listed securities, at fair value:		
Shares listed in Hong Kong	10,019,890	9,638,017
Non-tradable securities (<i>Note</i>)	–	225,728
	<u>10,019,890</u>	<u>9,863,728</u>

The investments in listed securities are held for long-term and non-trading in nature. Fair values of the investments in listed securities have been determined by reference to bid prices quoted in active markets.

Gain arising from fair value changes of investments in listed securities of US\$833,232 was recognized directly in capital reserve for the current period.

Note:

The amount represents the investment in Semiconductor Manufacturing International Corporation (“SMIC”), whose shares have been listed in both Hong Kong and the United States since March 2004. The shares of SMIC held by the Company are subject to certain investor regulations and restriction from trading for a lock-up period of 180 days subsequent to their 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-month period throughout the Post Lock-up Period. The Post Lock-up Period lapsed on February 25, 2007, as such all the SMIC shares have become fully tradable after this date. Fair value of the non-tradable listed securities has been determined by reference to the quoted market bid price.

8. INVESTMENT PROPERTY

	June 30, 2007	December 31, 2006
	<i>US\$</i>	<i>US\$</i>
Fair value:		
At January 1	680,000	640,000
Increase in fair value recognized in the income statement	20,000	40,000
	<u>700,000</u>	<u>680,000</u>

The property is located in the PRC and held under long lease. The fair value of the Company's investment property at June 30, 2007 had been arrived at on the basis of a valuation carried out on that date by Knight Frank Petty Limited, an independent firm of qualified professional valuers.

9. 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, 2007 of US\$25,998,966 (at December 31, 2006: US\$27,716,655) and on the 8,905,000 (at December 31, 2006: 8,905,000) ordinary shares in issue as at June 30, 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Company recorded a net profit of US\$2,700,199 for the six months ended June 30, 2007 (2006: US\$583,888), representing a remarkable increase of 362.45% over the corresponding period in 2006. The increase was mainly attributable to substantial realized gains derived from its listed securities portfolio. The Company received US\$61,756 in dividend income (2006: US\$114,979) and US\$2,806,321 (2006: US\$765,984) in realized gains on disposal of listed securities. As for unlisted investments, no dividend income was recorded in the first half of 2007, however, an interest income of US\$58,712 was received on the remaining balance of outstanding payment due from an unlisted investment exited in 2006. The Company's investment property also reflected an appreciation in value of US\$20,000.

In May 2007, the Company paid to its shareholders a special final dividend of US\$0.50 per share for 2006. As at June 30, 2007, the Company's net asset value ("NAV") per share was US\$2.92 after such dividend distribution, a 6.1% decrease compared with US\$3.11 at the end of 2006. At the end of June 2007, the Company's share price was US\$2.55 (December 31, 2006: US\$2.10), reflecting a discount of 12.67% to NAV per share, nonetheless, this is a 45% improvement before the payment of special dividend.

Investment Review

Unlisted Investments Portfolio

At the end of June 2007, apart from those investments the valuation of which had been fully impaired and fully provided for, the Company has exited from all active unlisted investments.

Shanghai Well Bright Foods Co., Ltd. (“Well Bright”)

Guardian Investment Growth Limited (“Guardian”), the Company’s wholly-owned single purpose subsidiary, received the second payment of US\$1,150,000 from its share sale in Well Bright as well as interest income of US\$58,712 on March 31, 2007. Such payments had been transferred to the Company on May 2, 2007 by means of a reduction of capital in Guardian. The third and final installment of US\$1,160,000 and related interest payment are due to Guardian no later than September 30, 2007, by which time the share sale transaction will be completed.

Others

Three fully impaired unlisted investments, namely Shanghai Lian Ji Synthetic Fiber Co. Ltd., Shanghai Hua Xin High Biotechnology Inc. and Shanghai Xinpu Transport Co., Ltd., are either in the process of liquidation or seeking exit opportunities.

Listed Investments Portfolio

Semiconductor Manufacturing International Corporation (“SMIC”)

The Company invested approximately US\$6 million in SMIC’s unlisted shares in 2001 and the investment was converted into 54 million ordinary shares upon SMIC’s listing in March 2004. The last batch of shares in SMIC subject to lock-up restriction was released on February 25, 2007. As of June 30, 2007, 17.4 million shares in SMIC were held by the Company, all of which were freely tradable. The Company has so far registered a cumulative gain of approximately US\$4.04 million or 67.12% in respect of partial sale and continuous holding of this investment.

Listed Investments Review

The Company’s listed securities portfolio recorded a 26% gain in the first half of the year, outperforming the Hang Seng Index (“HSI”) and the Hang Seng China Enterprises Index (“HSCEI”), which were 9% and 16% up respectively. Among other sector indices, the Red Chip Index had the best performance, registering a 24% gain in the first half. Commercial & Industrial and Properties indices posted 15.7% and 9.6% gain respectively. Market trading volume was extremely hefty, with average daily turnover reaching HK\$56.8 billion, an 81% increase from the same period last year.

INVESTMENT PROPERTY

The Company purchased a property in Shanghai in 1994 for investment purpose. It is located at the Rose Garden, Xuhui District. The carrying value of this property was US\$700,000 as of June 30, 2007, with a valuation surplus of US\$20,000 compared with that at the end of December 2006.

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL COMMITMENT

Subsequent to a distribution of special dividend in May 2007, the Company’s bank balances as of June 30, 2007 were US\$14,154,967 (December 31, 2006: US\$14,843,855), of which US\$701,753 (December 31, 2006: US\$680,297) were held in RMB equivalent in trust deposits with a registered financial institution in China. RMB is not a freely convertible currency and since July 25, 2005, the RMB exchange rate has appreciated by 8.35% versus the US dollar by end of June 2007. Heeding advice from the Board to seek better returns on cash management, the Company maintained approximately US\$3.1 million on deposit as at June 30, 2007 (December 31, 2006: US\$6.2 million) with Standard Chartered Bank, Hong Kong, a recognized sub-custodian bank of the Company’s custodian, State Street Bank and Trust Company.

The Company did not have any bank borrowing or capital commitment on its unlisted investments at end of June 2007 and December 2006 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 and Hong Kong 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.

The moderate appreciation of the RMB regime against the US dollar has a positive but negligible impact on the Company.

PROSPECTS

The Company has conducted reviews since July 2007 on a number of investment projects. The Company expects to invest in selected target companies with excellent quality and promising returns after the due diligence process is satisfied. Meanwhile, continuous efforts to exit from the remaining historical portfolio of unlisted investments are being made with the objective of recovering most, if not all, of the Company's invested capital in those companies.

Regarding listed investment portfolio, the Company's outlook is positive for the second half of the year.

The Company will continue to analyze incoming economic data and study their plausible impact on the equity market as well as prudently selecting quality stocks for investment in order to reap handsome return for its shareholders.

EMPLOYEES

Other than retaining a qualified accountant to comply with the requirement under the Listing Rules, the Company has no other employee. The Company continues to delegate the day-to-day administration of its investment portfolio to its investment manager, Shanghai International Asset Management (Hong Kong) Company Limited (the "Investment Manager").

PURCHASE, SALE AND REDEMPTION OF SECURITIES

During the six months ended June 30, 2007, the Company did not purchase, sell or redeem any of the Company's own securities.

AUDIT COMMITTEE

The Company has established an Audit Committee since 1999, which currently comprises four non-executive directors, three of whom being independent. The Audit Committee has reviewed the unaudited interim financial statements in conjunction with the management and the external auditors. The Audit Committee also meets with the management of the Investment Manager to supervise the Company's matters on internal control, risk management and financial reporting process.

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. Specific confirmation has been obtained from all directors confirming their respective compliance with the Model Code during the six months ended June 30, 2007.

CORPORATE GOVERNANCE

As from January 1, 2005, the new Code on Corporate Governance Practices (the “CG Code”) issued by the Stock Exchange became effective for accounting periods commencing on or after that date. The Board has reviewed the CG Code and has adopted the same as the Company’s own code of corporate governance practices. During the six months ended June 30, 2007, the Company has complied with all the provisions under the CG Code.

PUBLICATION OF INTERIM REPORT

This announcement is published on the websites of The Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk) and the Company (<http://shanghaigrowth.etnet.com.hk/>).

The Company’s 2007 interim report will be dispatched to the shareholders of the Company as well as published on the aforesaid websites in due course.

By order of the Board of
Shanghai International Shanghai Growth Investment Limited
WANG, Ching
Executive Director

Hong Kong, September 17, 2007

As at the date of this announcement, the Board comprises the following directors:

Executive Directors

Dr. Wang Ching and Mr. Wu Bin

Independent Non-Executive Directors

Dr. Hua Min, Mr. Ong Ka Thai and Mr. Yick Wing Fat, Simon

Non-Executive Directors

Mr. Cai Nongrui, Mr. Chen Chi-chuan, Mr. Lee Tien-chieh, Mr. Lin Bin, Mr. Tseng Ta-mon, and Dr. Wang Changhong.