

SHANGHAI INTERNATIONAL SHANGHAI GROWTH INVESTMENT LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock code: 770)

2008 INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2008

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 and its associate (the “Group”) for the six months ended June 30, 2008, along with comparative figures for the corresponding period in 2007. Such results have been reviewed by the audit committee (“Audit Committee”) and the external auditors of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended June 30, 2008

		Unaudited	
		Six months ended June 30,	
		2008	2007
	Notes	US\$	US\$
Investment income	3	86,545	347,860
Gain on sale of investments in listed securities		–	2,806,321
Increase in fair value of an investment property		–	20,000
Exchange gain		<u>45,639</u>	<u>–</u>
		<u>132,184</u>	<u>3,174,181</u>
Investment Manager’s fee		(519,511)	(278,738)
Loss on sale of investments in listed securities		(345,701)	–
Administrative expenses		<u>(246,053)</u>	<u>(195,244)</u>
		<u>(1,111,265)</u>	<u>(473,982)</u>
(Loss) profit for the period		<u>(979,081)</u>	<u>2,700,199</u>
(LOSS) EARNINGS PER SHARE – BASIC	6	<u>(10.99) cents</u>	<u>30.32 cents</u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at June 30, 2008

		June 30, 2008	December 31,
		(unaudited)	(audited)
	<i>Notes</i>	US\$	US\$
NON-CURRENT ASSETS			
Interest in an associate		2,573,301	2,573,301
Investments in unlisted securities		2,500,000	2,500,000
Investments in listed securities	7	3,043,371	9,732,109
Investments in redeemable convertible preference shares	8	7,600,000	–
		15,716,672	14,805,410
CURRENT ASSETS			
Dividend, interest and other receivables and prepayments		140,516	180,420
Consideration receivable from disposal of listed securities		1,022,248	–
Bank balances		5,724,327	12,262,048
		6,887,091	12,442,468
CURRENT LIABILITIES			
Accrued charges		89,328	85,452
Amount due to Investment Manager		153,100	149,460
		242,428	234,912
NET CURRENT ASSETS			
		6,644,663	12,207,556
		22,361,335	27,012,966
CAPITAL AND RESERVES			
Share capital	9	890,500	890,500
Reserves		21,470,835	26,122,466
		22,361,335	27,012,966
NET ASSET VALUE PER SHARE			
	10	2.51	3.03

Notes:

1. BASIS OF PREPARATION

The condensed consolidated 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 consolidated 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 consolidated financial statements are consistent with those followed in the preparation of the Group’s audited annual consolidated financial statements for the year ended December 31, 2007.

In the period under review, the Company has acquired US\$7,600,000 redeemable convertible preference shares, the accounting policy newly adopted is as follows:

Redeemable convertible preference shares

The redeemable convertible preference shares acquired by the Company comprise the host loan component and embedded derivatives (the conversion option and redemption option) and are designated as financial assets at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, the entire redeemable convertible preference shares are measured at fair value, with changes in fair value recognized directly in the income statement in the period in which they arise.

Transaction costs that are directly attributable to the acquisition of the redeemable convertible preference shares designated as financial assets at fair value through profit or loss are recognized immediately in the income statement.

In the current interim period, the Group has applied, for the first time, a number of new interpretations (“Interpretations”) issued by the HKICPA, which are effective for accounting periods beginning on January 1, 2008. The adoption of these new Interpretations has had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment is required.

The Group has not early applied the following new and revised Hong Kong Accounting Standards (“HKAS”s), Hong Kong Financial Reporting Standards (“HKFRS”s), amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Revised)	Presentation of financial statements ¹
HKAS 23 (Revised)	Borrowing costs ¹
HKAS 27 (Revised)	Consolidated and separate financial statements ²
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation ¹
HKFRS 2 (Amendment)	Vesting conditions and cancellations ¹
HKFRS 3 (Revised)	Business combinations ²
HKFRS 8	Operating segments ¹
HK(IFRIC) – INT 13	Customer loyalty programmes ³
HK(IFRIC) – INT 15	Agreements for the construction of real estate ¹
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation ⁴

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

² Effective for annual periods beginning on or after July 1, 2009.

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

⁴ Effective for annual periods beginning on or after October 1, 2008.

3. INVESTMENT INCOME

	Six months ended June 30,	
	2008	2007
	US\$	US\$
Dividend income from listed securities	42,665	61,756
Interest income	<u>43,880</u>	<u>286,104</u>
	<u>86,545</u>	<u>347,860</u>

No segment information is presented as the Group 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 Group 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,	
	2008	2007
	US\$	US\$
2007 special final dividend – US\$0.20 per share (2006: US\$0.50 per share) from the share premium account	<u>1,781,000</u>	<u>4,452,500</u>

The directors do not recommend the payment of an interim dividend for the six months ended June 30, 2008 (2007: Nil).

6. (LOSS) EARNINGS PER SHARE – BASIC

The calculation of basic (loss) earnings per share is based on the loss for the period of US\$979,081 (for the six months ended June 30, 2007 profit of: US\$2,700,199) and 8,905,000 (for the six months ended June 30, 2007: 8,905,000) ordinary shares in issue.

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

7. INVESTMENTS IN LISTED SECURITIES

	June 30,	December 31,
	2008	2007
	US\$	US\$
Listed securities, at fair value: Shares listed in Hong Kong	<u>3,043,371</u>	<u>9,732,109</u>

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

8. INVESTMENTS IN REDEEMABLE CONVERTIBLE PREFERENCE SHARES

	June 30, 2008 US\$	December 31, 2007 US\$
Series A preference shares in Grandpro Technology Limited ("Grandpro")	2,600,000	–
Series B preference shares in Global Market Group Limited ("GMG")	<u>5,000,000</u>	–
	<u><u>7,600,000</u></u>	<u><u>–</u></u>

During the period, the Company acquired 260 Series A Preference Shares in Grandpro (the "Grandpro Preference Shares") and 1,530,769 Series B Preference Shares in GMG (the "GMG Preference Shares") (collectively the "Preference Shares") for a total consideration of US\$7,600,000.

The Grandpro Preference Shares are convertible into ordinary shares of Grandpro at the option of the Company and will be automatically converted into ordinary shares of Grandpro upon listing of Grandpro shares on a recognized stock exchange which values Grandpro with a market capitalization of at least a certain specified amount. The Grandpro Preference Shares are redeemable after December 30, 2010 at 100% plus accrued interest at 10% per annum.

The GMG Preference Shares are convertible into ordinary shares of GMG at the option of the Company and will be automatically converted into ordinary shares of GMG upon listing of GMG shares on a recognized stock exchange which values GMG with a market capitalization of at least a certain specified amount. The GMG Preference Shares are redeemable after December 31, 2011 at 100% and will bear interest at 8% per annum from December 31, 2011.

9. SHARE CAPITAL

	Number of ordinary shares of US\$0.1 each	Share capital US\$
Authorized:		
At December 31, 2007 and June 30, 2008	<u><u>18,000,000</u></u>	<u><u>1,800,000</u></u>
Issued and fully paid:		
At December 31, 2007 and June 30, 2008	<u><u>8,905,000</u></u>	<u><u>890,500</u></u>

10. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net asset value of the Group as at June 30, 2008 of US\$22,361,335 (at December 31, 2007: US\$27,012,966) and on the 8,905,000 (at December 31, 2007: 8,905,000) ordinary shares in issue as at June 30, 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded an unaudited loss of US\$979,081 for the six months ended June 30, 2008 (for the six months ended June 30, 2007 profit of: US\$2,700,199. The Group has re-balanced its listed securities portfolio in view of significant correction in stock markets in the first half of 2008. The Group has received US\$42,665 in dividend income from listed investments (2007: US\$61,756) but has recorded a realized loss of US\$345,701 on disposal of listed securities versus realized gains of US\$2,806,321 in the same period last year. A total loss of US\$2,237,251 as fair value changes in listed investments was recorded for the first half of 2008. As for unlisted investments, no dividend income was recorded in both years since the two new investments were made in the fourth quarter of 2007. The Company has invested another two new unlisted investments in the first quarter of 2008, which are investments in redeemable convertible preference shares. No fair value change was recognized in the current period.

In May 2008, the Company paid to its shareholders a special final dividend of US\$0.20 per share for 2007. As at June 30, 2008, the Group's net asset value ("NAV") per share was US\$2.51 after such dividend distribution, a 17.16% decrease compared with US\$3.03 at the end of 2007. At the end of June 2008, the Company's share price was US\$2.00 (December 31, 2007: US\$2.30), reflecting a discount of 20.32% to NAV per share.

Investment Review

Unlisted Investments Portfolio

In the first half of 2008, the Company invested in two new projects at a total consideration of USD7,600,000. These are investments in redeemable convertible preference shares of two investee companies, one of which is engaged in Internet online games platform named Grandpro Technology Limited and the other is a B2B Internet trading service provider named Global Market Group Limited.

The Company went through screening processes on over 30 other different projects, for discovery of any potential lucrative investments and some of which are being under in-depth study.

Listed Investments Portfolio

The Company's listed securities portfolio recorded a loss of 21.88% in the first half of 2008, almost in-line with the Hong Kong benchmark Hang Seng Index ("HSI"), which declined by 20.56% over the same period; but outperformed the Hang Seng China Enterprises Index (HSCEI)'s 26.14% negative growth. A total of US\$2,237,251 losses on fair value change on investments in listed securities were recorded in the period.

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND CAPITAL COMMITMENT

Subsequent to a distribution of special dividend of US\$1.78 million in May 2008 and the two preference shares investments of US\$7.6 million, the Group's bank balances as of June 30, 2008 were US\$5,724,327 (December 31, 2007: US\$12,262,048), of which US\$784,765 (December 31, 2007: US\$736,728) were held in RMB equivalent on trust deposits with a registered financial institution in China. RMB is not a freely convertible currency and the RMB exchange rate has appreciated by 6.14% versus the US dollar during 2008. The Company maintains a cash balance of US\$419,465 (December 31, 2007: US\$2.8 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 2008 and December 2007 respectively.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

Except for the RMB bank deposit, 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

Going forward, we see that the Hong Kong market will remain volatile and lack clear direction, as it will be influenced by mixed economic indicators from both the U.S. and China. Signs of economic slow-down can be clearly seen in the U.S. market. For the remainder of 2008, our investment strategy will continue to be carried out in a meticulous manner. However, we must also be alert to struggling financial institutions as damages from subprime losses may not be over as yet. Some postponed IPOs are expected to resume their listing process in Hong Kong in the second half, perhaps at lower valuations.

In conclusion, the Company will focus more on unlisted investments as sentiment of the stock markets remained pessimistic. The Investment Manager will continue to conduct due diligence reviews on a number of projects and closely monitor all existing invested projects. We see this as a good opportunity to source out quality private equity projects at lower investment valuations. Given the volatile market condition, the Investment Manager will continue to execute investment strategy with caution, with particular emphasis on risk management.

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, 2008, 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 Mr. YICK Wing Fat, Simon (Chairman), Mr. ONG Ka Thai, Dr. HUA Min and Mr. CHEN Chi-chuan, all of whom are non-executive directors, with three of them being independent.

The Audit Committee has reviewed the Company's unaudited interim financial statements for the period ended June 30, 2008 and discussed with the management in conjunction with 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, 2008.

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, 2008, 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 2008 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 11, 2008

As at the date of this announcement, the Board comprises of 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 and Mr. TSENG Ta-mon