

SHANGHAI INTERNATIONAL SHANGHAI GROWTH INVESTMENT LIMITED

滬光國際上海發展投資有限公司

The unaudited net asset value (“NAV”) of Shanghai International Shanghai Growth Investment Limited (the “Company”) was US\$23,603,474 as at 31 March 2012, with a corresponding NAV per share of US\$2.65, no change from the end of December 2011.

CHINA’S MAJOR ECONOMIC INDICATORS

Growth (year-on-year, percent)	2010	2011	1Q2012
Gross Domestic Product (“GDP”)	10.4	9.2	8.1
Value added industrial output	15.7	13.9	11.6
Retail sales	18.4	17.1	14.8
Consumer Price Index (“CPI”)	3.3	5.4	3.8
Fixed asset investments	24.5	23.8	20.9
Exports	31.3	20.3	7.6
Imports	38.7	24.9	6.9
Trade surplus (US\$ billion)	183.1	155.1	0.66
Foreign exchange reserve (US\$ billion)	2,847	3,181	3,305

Source: Published information, Bloomberg

China Economy

China’s GDP recorded an 8.1% growth year-on-year in the first quarter of 2012, much less than the 8.9% in the last quarter of 2011, indicating a decreasing pace of growth. China’s economy is being put under test with the change of growth sectors, declining rate of increase in imports and weak domestic consumption. Yet, economic growth may be bottoming out by the middle of this year. Overall, China’s economic growth should be stabilized in the months to come.

The CPI dropped to a normal level after the Chinese New Year but rebounded to 3.6% year-on-year in March. Overall, the CPI is trending down steadily and inflation pressure is expected to ease. The Producer Price Index (“PPI”) fell 0.3% year-on-year in March with a recorded 28-month low since December 2009 and a negative growth for the first time in two years, indicating a slowing down of the China’s economic growth.

The Central Bank maintains its “prudent yet progressive” monetary policy. Considering the rebound of the March CPI, further interest rate cut in the short-term is unlikely and as a result, the possibility of a drop in the required reserve ratio increases. Fine-tunings of monetary policy are expected for the purpose of maintaining a moderate growth of credit in the economy.

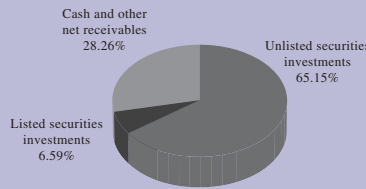
THE COMPANY'S NAV PERFORMANCE

Date	Dividends paid (cumulative) per share US\$	NAV per share		Share Price	
		US\$	%*	US\$	%*
30 November 1993	–	9.90	N/A	10.00	N/A
31 December 1994	–	9.49	-4.1	5.60	-44.0
31 December 1995	–	9.76	-1.4	4.55	-54.5
31 December 1996	–	10.77	8.8	7.40	-26.0
31 December 1997	–	10.01	1.1	6.20	-38.0
31 December 1998	–	9.40	-5.1	4.80	-52.0
31 December 1999	–	10.41	5.2	4.60	-54.0
31 December 2000	3.30	7.12	5.3	3.48	-32.3
31 December 2001	3.60	6.83	5.4	3.23	-31.8
31 December 2002	4.60	5.88	5.9	2.80	-26.0
31 December 2003	5.00	6.06	11.7	3.60	-14.0
31 December 2004	5.80	6.44	23.6	4.60	4.0
31 December 2005	7.30	4.03	14.4	3.93	12.3
31 December 2006	8.50	3.11	17.3	2.10	6.0
31 December 2007	9.00	3.03	21.5	2.30	13.0
31 December 2008	9.20	2.43	17.5	1.95	11.5
31 December 2009	9.30	2.41	18.3	1.70	10.0
31 December 2010	9.40	3.49	30.2	1.54	9.4
31 December 2011	10.40	2.65	31.8	1.60	20.0
31 March 2012	10.40	2.65	31.8	1.70	21.0

* performance compared to 30 November, 1993 (cum-dividend)

PORTFOLIO ALLOCATION

As at 31 March 2012	US\$	%
Investment in unlisted securities	15,378,302	65.15
Investment in listed securities	1,554,847	6.59
Cash and other net receivables	6,670,325	28.26
NET ASSET VALUE	23,603,474	100.00



UNLISTED INVESTMENTS UPDATE

China Material Technology Limited (“CMT”)

The Company invested US\$2.5 million in CMT, South Polar Lights Steel (Shanghai) Co. Ltd. “SPLS”, a wholly-owned subsidiary of CMT, is engaged in the production and sales of hot-rolled galvanized steel.

At the end of 2010, the board of directors of CMT decided on a disposal plan of SPLS. The share transfer procedure is currently in progress. A recoverable amount of US\$500,000 is expected to be settled in this year.

Global Market Group Limited (“GMG”)

The Company invested US\$5 million in GMG as a convertible preference shareholder with a put option in place. GMG is engaged in B2B internet trading platform business in the PRC. After rounds of capital enlargement and dividend reinvestment, the Company’s equity interest in GMG is increased to 9.67%.

GMG recorded strong growth in its B2B trading business in 2011. Dividend distributions were made to shareholders, from which the Company received its share of US\$386,862. In the first quarter of 2012, GMG is maintaining a stable growth of its B2B business and heading towards its IPO goal positively. As at 31 March 2012, the fair value of the Company’s investment in GMG was US\$14.2 million.

Global Market International Limited (“GMIL”)

GMIL is an investment holding company incorporated in the Cayman Islands whose principal activities are in logistics and M2C businesses that had been spun off from GMG in September 2010. The Company was allotted shares in GMIL at a subscription cost of US\$580,293 by way of re-investment of dividends distributed from GMG, representing a 9.67% equity interest in GMIL.

In view of the start-up and cost intensive nature of this business, GMIL has recorded losses in its operations. The Company considered that it will be difficult in the medium term for GMIL to generate sufficient profit and net cash inflow to set off accumulated losses, the fair value of this investment has therefore been considered as zero since 30 June 2011.

C-Media Electronics Inc. (“C-Media”)

In May 2010, the Company participated in a private placement launched by C-Media by subscribing for 1 million new shares in C-Media at an investment cost of US\$1.2 million approximately. The common shares of C-Media are currently listed on the Taiwan GreTai Securities Market (stock code 6237.TW). By nature of this private placement, the new shares are subject to a three-year lockup restriction and thereafter, these shares are qualified to apply for listing on the same market with its common shares.

C-Media specializes in the designing and manufacturing of audio ICs. Apart from maintaining a steady growth in their traditional businesses, C-Media is developing new businesses, such as LED business, which have commenced contributing revenue in the first quarter of 2012. The Investment Manager will monitor closely and evaluate C-Media’s operating conditions with the development of this new business.

RELEVANT STOCK MARKETS’ PERFORMANCE

Indices	31/12/2010	31/12/2011	31/3/2012	Quarter Change
Hang Seng Index	23,035.5	18,434.4	20,555.6	11.51%
Hang Seng China Enterprises Index	12,692.4	9,936.5	10,640.2	7.08%
Hang Seng China-Affiliated Corporation Index	4,170.2	3,682.2	3,986.7	8.27%
Shanghai SE Composite Index	2,808.1	2,199.4	2,262.8	2.88%
Shenzhen SE Composite Index	1,290.9	866.7	891.8	2.91%
Taiwan Exchange Index	8,972.5	7,072.1	7,933.0	12.17%
Dow Jones Industrial Average Index	11,577.5	12,217.6	13,212.0	8.14%
Standard and Poor’s 500 Index	1,257.6	1,257.6	1,408.5	12.00%
NASDAQ Composite Index	2,652.9	2,605.2	3,091.6	18.67%

Source: Bloomberg

LISTED INVESTMENTS UPDATE

After a disappointing 2011, global financial markets displayed a pleasant performance in light of the progress in solving the European sovereign debt crisis and the release of better-than-expected figures of the U.S. economy. The Hang Seng Index (“HSI”) recorded a gain of 11.5% in the first quarter of 2012.

The European sovereign debt crisis was somewhat relieved in the first quarter when the Greek government and private investors successfully reached an agreement for loan restructuring on the one hand. On the other hand, European financial institutions were able to obtain financing via European Central Bank’s Long-Term Refinancing Operation (“LTRO”) mechanism. In addition, the U.S. economy continues to strengthen as its job market shows a steady growth; its housing market also seems to reach a turning point.

China continues to focus on the implementation of a sustainable economic development model; however, economic growth target has been lowered from the long-maintained 8% to 7.5%. There is a gradual transition to a consumption driven economy, despite a negative impact on raw materials and fixed investment related sectors in the short term, the China financial market is not expected to be adversely effected to a great extent in the long run.

For the first quarter of 2012, the Company adopted a more conservative approach in the volatile market with a larger portion in cash holding, however the HSI managed to recover strongly in the same period, the listed securities portfolio recorded a gain of 1.35%, which underperformed the HSI.

Looking ahead, taking into consideration the worries of financial standing of non-state-owned enterprises and the lack of major positive catalysts with most blue chip stocks having announced their earnings results, the Hong Kong stock market is expected to enter into a consolidation phase in the second quarter. The Investment Manager may increase the Company’s portfolio holding at appropriate times.

CORPORATE INFORMATION

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STOCK CODE

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