

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\$11,374,891 as at 30 September 2013, with a corresponding NAV per share of US\$1.28, down by 5.19% from the end of June 2013.

CHINA’S MAJOR ECONOMIC INDICATORS

Growth (year-on-year, percent)	2011	2012	3Q2013 (cumulative)
Gross Domestic Product (“GDP”)	9.3	7.8	7.7
Industrial Production	13.9	10.0	9.6
Retail sales	17.1	14.3	12.9
Consumer Price Index (“CPI”)	5.4	2.6	2.5
Fixed asset investments	23.8	20.6	20.2
Exports	20.3	7.9	8.0
Imports	24.9	4.3	7.3
Trade surplus (US\$ billion)	155.1	231.1	169.4
Foreign exchange reserve (US\$ billion)	3,181	3,312	3,360

Source: Published information, Bloomberg

China Economy

China economy steadied and gradually picked up its uptrend in the third quarter of 2013. GDP for the three quarters was up 7.7% year-on-year, 0.1% higher than the second quarter. The signals were clearly seen from the results of Industrial Production, Purchasing Managers’ Index (PMI), electricity consumption and transportation index. In addition the State Council continuously rolled out policies to stimulate economic development, such as encouraging spending in telecommunications, conversion of business tax to value added tax to be tested in the whole country and the reform of investment structure of railways department.

China economy is undergoing a phase of reforms with emphasis on effectively combining structural and developmental changes with steady growth. It is expected that China economy should benefit from the rewards of reforms and advance to a new level of quality and efficiency in the near future.

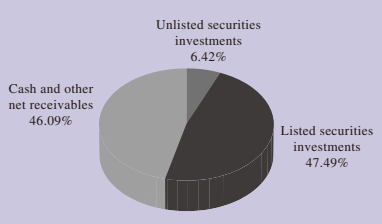
THE COMPANY'S NAV PERFORMANCE

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 December 2012	10.50	2.26	28.9	1.40	19.0
30 September 2013	10.60	1.28	20.0	0.70	13.0

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

PORTFOLIO ALLOCATION

As at 30 September 2013	US\$	%
Investment in unlisted securities	730,229	6.42%
Investment in listed securities	5,402,000	47.49%
Cash and other net receivables	5,242,662	46.09%
NET ASSET VALUE	11,374,891	100.00%



UNLISTED INVESTMENTS UPDATE

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 therein 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 three-year lockup restriction and thereafter, these shares are qualified to apply for listing on the same market with its existing common shares.

C-Media specializes in the designing and manufacturing of audio ICs, and the LED business, which C-media has been actively developing, has been progressing well.

The lock-up restriction of the private placement shares had expired in May 2013. However, these shares have yet to qualify to be traded on the Taiwan GreTai Securities Market due to a shortfall in C-Media's 2012 profit target. The Company has been diligently monitoring its various businesses. With its Environmental Noise Cancellation (ENC) chips breaking into the Chinese smartphone supply chain, benefiting from customer orders, C-Media successfully turned around in the second quarter with a net income of NT\$13.46 million. With expansion of business scale, it is expected that C-Media's performance in the second half of 2013 will be better, creating an opportunity for its private placement shares to be traded on the Taiwan GreTai Securities Market next year.

C-Media declared a special dividend of NT\$1 per share for 2013, the Company has duly received NT\$1 million in the third quarter of 2013. The Company recorded a fair value gain of approximately US\$132,000 on this investment at the end of third quarter of 2013.

RELEVANT STOCK MARKETS' PERFORMANCE

Indices	31/12/2012	30/06/2013	30/09/2013	Quarter Change
Hang Seng Index	22,656.9	20,803.3	22,859.9	9.89%
Hang Seng China Enterprises Index	11,436.2	9,311.4	10,316.1	10.79%
Hang Seng China-Affiliated Corporation Index	4,531.1	4,028.7	4,380.2	8.73%
Shanghai SE Composite Index	2,269.1	1,979.2	2,174.7	9.88%
Shenzhen SE Composite Index	881.2	887.7	1,056.6	19.02%
Taiwan Exchange Index	7,699.5	8,062.2	8,173.9	1.38%
Dow Jones Industrial Average	13,104.1	14,909.6	15,129.7	1.48%
Standard and Poor's 500 Index	1,426.2	1,606.3	1,681.6	4.69%
NASDAQ Composite Index	3,019.5	3,403.2	3,771.5	10.82%

Source: Bloomberg

LISTED INVESTMENTS UPDATE

At the beginning of the third quarter in 2013, Hong Kong stock market was volatile with concerns about the potential tapering measure by the US. However, the third quarter turned out to be the best period year-to-date, thanks to China's positive economic data as well as relaxation measures implemented in the monetary policy and the real estate market. Hang Seng Index ("HSI") performance is good, rebounding 9.89%, or 2,056 points quarter-on-quarter. On a standalone basis of September 2013, the HSI surged 5.19%, or 1,128 points, stimulated by an unchanged US monetary policy.

The Investment Manager has started increasing the Company's equity position since the third quarter. The portfolio's equity value recorded a return of 10.85% in the third quarter, slightly beating HSI's 9.89%. Owing to the setting aside a cash position to counteract market volatility, the overall listed securities portfolio recorded a total return of 6.12% in the same period.

Global Market Group Limited (“GMG”)

In March 2008, the Company invested in GMG Preferred Shares for a consideration of US\$5 million. In June 2010, the Company reinvested its dividend entitlement of US\$847,458 for additional GMG Preferred Shares to increase its equity interest to 9.67%.

GMG is a leading B2B internet trading service provider in the PRC. It focuses on providing an international trading service platform for high-end quality export manufacturers in China and international buyers.

GMG’s ordinary shares were admitted to trading (“Admission”) on the Alternative Investment Market of the London Stock Exchange on 22 June 2012. The Company’s investment in GMG Preferred Shares was converted into ordinary shares of GMG immediately prior to the placing of GMG’s newly issued ordinary shares and Admission. GMG successfully raised £9.7 million by way of a placing of new ordinary shares at a reasonable valuation, giving a market capitalization of approximately £127 million on Admission. However, due to an unusual selling behavior, subsequent trading prices of GMG ordinary shares suffered an approximately 33% drop, though recorded with thin trading volume.

The market price of GMG was further dragged by the unsatisfactory financial results in the first half of 2013. GMG announced its unaudited interim results on 19 September 2013. The combined effect of lower revenue and the investment of approximately US\$4 million in the Free GMC Scheme and M2C China initiatives resulted in a loss of US\$5.3 million. The Investment Manager studied the new strategic initiatives carefully, considers that GMG is better positioned to drive a long-term step-increase in revenues, profitability and sustainable growth underpinned by the initiatives currently underway, despite a short-term impact on the financial performance. The share price weakness of the past nine months already reflects a severe disappointment of the market. A healthy performance is deserved as GMG is expected to deliver stronger trading results in one or two years after the previously mentioned marketing efforts.

As a consequence of the drop in market price, the Company recorded an approximate US\$7.4 million unrealized loss on the change in fair value of this investment at the end of the third quarter of 2013.

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STOCK CODE

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