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This document is for distribution only to persons who are Shareholders of China Growth Opportunities Limited. If you have sold or otherwise transferred all of your Ordinary Shares in China Growth Opportunities Limited, you should immediately send this document, together with the accompanying Form of Proxy, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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## **China Growth Opportunities Limited**

*(a company incorporated with limited liability under the laws of Guernsey with registration number 44403)*

### **RECOMMENDED PROPOSAL FOR THE RETURN OF CAPITAL TO SHAREHOLDERS**

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Notice of an Extraordinary General Meeting of the Company, to be held at No. 1 Le Truchot, St. Peter Port, Guernsey GY1 3JX on 6 July 2009 at 11.00 a.m., is set out at the end of this document.

Shareholders are requested to complete and return the enclosed Form of Proxy for use at the EGM in accordance with the instructions printed thereon so as to be received by Elysium Fund Management Limited, PO Box 650, 2nd Floor, No. 1 Le Truchot, St Peter Port, Guernsey, GY1 3JX as soon as possible but, in any event, not later than 48 hours before the appointed time for the EGM.

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**Part I**

**LETTER TO SHAREHOLDERS**

**CHINA GROWTH OPPORTUNITIES LIMITED**

*(a company incorporated with limited liability under the laws of Guernsey with registration number 44403)*

*Directors*

Rhys Cathan Davies  
Brett Lance Miller  
Weiming Zhang  
Simon Littlewood

*Registered Office*

2nd Floor  
No. 1 Le Truchot  
St. Peter Port  
Guernsey  
GY1 3JX

10 June 2009

*To Shareholders*

Dear Sir or Madam

**RECOMMENDED PROPOSAL FOR THE RETURN OF CAPITAL TO SHAREHOLDERS**

**Introduction**

At the extraordinary general meeting of the Company held on 23 January 2009, Shareholders resolved to amend the investment objective of the Company so that, going forward, it was: "to manage the sale of the Company's investment portfolio and to maximise the return of invested capital to Shareholders during the period ending on 30 September 2010".

On 1 April 2009, the Company announced the sale of three of its investments, Asia Clean Energy Pte Ltd, Hainan Zhengye Zhongnong High Tech Co Ltd and China Biofoods Ltd for an aggregate consideration of £3.7 million. The Company has since sold its entire holding in United Envirotech Limited and 39,456,000 shares in Asia Water Technology Limited for an aggregate consideration (net of dealing costs) of £3.5 million. The Company's current cash balances amount to £10.4 million.

As a result of these recent sales and with a view to implementing the Company's investment objective of maximising the return of capital to Shareholders, the Board is now seeking the approval of Shareholders to adopt a return of capital scheme.

**The Capital Return Scheme**

Under the Capital Return Scheme, returns of capital can, subject to the Company's solvency, be made on an ad hoc basis whenever the Company has sufficient cash available for the purpose. On each occasion on which returns of capital are made under the Capital Return Scheme, Shareholders will be entitled to receive a return of capital per Ordinary Share calculated in accordance with the following formula (rounded down to the nearest whole penny):

$$\frac{A}{B}$$

Where:

- "A" is the maximum cash proposed to be returned under the Capital Return Scheme on the relevant occasion; and  
"B" is the aggregate number of Ordinary Shares in issue at the latest practicable date prior to the announcement of the proposed return of capital.

The decision to pay any such returns of capital will be at the sole discretion of the Board.

If the Capital Return Scheme is approved, it is intended that an initial return of capital of 18 pence per Ordinary Share will be made to Shareholders. The expected timetable is as follows:-

Ex-Entitlement date:	6 July 2009
Record date:	8 July 2009
Payment date:	15 July 2009

The rate at which returns of capital may be paid under the Capital Return Scheme will depend on, in particular, the rate at which the Company's investments are realised as well as the Company's financial position at the relevant time.

The Board believes that the Capital Return Scheme should be more flexible and cost effective than other methods of returning capital to Shareholders (for example, a tender offer).

### **The New Guernsey Law**

The Company is now governed by The Companies (Guernsey) Law, 2008 as amended (the "**Law**") which came into force on 1 July 2008. The Law contains provisions designed to make returning capital and making distributions for companies incorporated in Guernsey easier than was previously the case. In summary, companies may make distributions to shareholders out of their cash assets subject to satisfying a solvency test. Accordingly, provided the Directors certify that the Company would be solvent following the relevant repayment to Shareholders, there are no requirements to fund that repayment out of profits, distributable or other reserves.

The Law, however, defines many forms of such payments as "dividends" even though they may well not comprise a return of profits to Shareholders. The Articles provide a restriction in article 29.2 that, "No dividend shall be paid otherwise than out of the profits of the business of the Company".

Whilst it is unlikely that the use of the word "dividend" in the Articles was envisaged to capture the use of the word "dividend" under the new Law, it is necessary to delete the restriction in the Articles to allow the Capital Return Scheme (described below) to operate with certainty.

Accordingly it is proposed to amend the restriction referred to above so that "dividends" (within the meaning of the Law) may be paid in accordance with the Law.

It is unlikely that the Capital Return Scheme will return cash out of the profits of the Company. Instead repayments are likely, for Guernsey law purposes, to be returns of capital.

The Board has resolved that the capital return scheme is the most appropriate way to return surplus cash to Shareholders as it allows all Shareholders to receive cash at

the same time; this would not be the case, for example, if the Company bought back shares through the market.

## **Articles**

For the reasons stated above, your Board is recommending that article 29.2 of the Articles is amended so that dividends may be made in accordance with the flexible provisions of the Law and are no longer subject to the current restriction that they are only payable out of the profits of the Company.

## **Extraordinary General Meeting and Resolution**

The EGM has been convened for the purpose of seeking Shareholder approval for the Capital Return Scheme and amending the Articles to permit the envisaged return of capital. Shareholders will find at the end of this document a notice convening the EGM and a Form of Proxy for use at the EGM.

At the EGM, a special resolution will be proposed to approve the Capital Return Scheme and amend the Articles, which requires a majority of 75 per cent. of the votes cast in respect of the resolution to be cast in favour in order for the resolution to be passed.

## **Action to be Taken**

You will find set out at the end of this document a notice convening the EGM to be held at the offices of Elysium Fund Management Limited, No. 1 Le Truchot, St Peter Port, Guernsey GY1 3JX at 11.00 a.m. on 6 July 2009.

Shareholders are requested to complete and return the enclosed Form of Proxy for use at the EGM in accordance with the instructions printed thereon so as to be received by Elysium Fund Management Limited, PO Box 650, 2nd Floor, No. 1 Le Truchot, St Peter Port, Guernsey, GY1 3JX as soon as possible and, in any event, not later than 11.00 a.m. on 4 July 2009.

Completion of a Form of Proxy will not prevent you from attending the EGM and voting in person should you so wish.

## **Board's Recommendation**

Your Board considers that the Capital Return Scheme and attendant amendment to the Articles is in the best interests of the Company and its Shareholders as a whole. Accordingly, your Directors unanimously recommend that you vote in favour of the Resolution to be proposed at the EGM as they intend to do in respect of their own beneficial holdings in the Company amounting to, in aggregate, 5,100,000 Ordinary Shares, representing approximately 10.2 per cent. of the issued share capital of the Company.

Yours faithfully,

Rhys C. Davies  
*Chairman*

**Part II**  
**TAXATION**

The information in this Part II, which is intended as a general guide only, is based on current legislation and practice regarding United Kingdom and Guernsey taxation and may be subject to change, summarises advice received by the Directors as to the position of Shareholders who are resident or ordinarily resident in the United Kingdom for tax purposes and who hold their Ordinary Shares as an investment. The information in this Part II does not constitute legal or tax advice to any Shareholders. Accordingly, Shareholders who are in any doubt as to their tax position, or who are subject to tax in a jurisdiction other than the United Kingdom or who hold their Ordinary Shares otherwise than as an investment, are strongly recommended to consult their professional adviser.

**1. Capital Return Scheme**

Provided that under Guernsey law payments made by the Company to Shareholders under the Capital Return Scheme are regarded as returns of capital and not as income distributions, such payments will fall to be taxed in accordance with the rules relating to the taxation of chargeable gains, rather than income.

In relation to individual and corporate Shareholders who are UK resident, other than dealers in securities, the capital returns will be treated, subject to the following paragraph, as the proceeds of a part disposal of the holding of Ordinary Shares.

If sums paid by way of a capital return to Shareholders are “small”, that is to say less than £3,000 or less than 5 per cent. of the value of the relevant shareholding, the receipt by a Shareholder of a capital return which is “small” will not be treated as a disposal, or part disposal, of an asset and no UK tax will be due on receipt of the capital return. Instead, an amount equal to the amount received is deducted from the tax base cost of the Shareholder’s holding of Ordinary Shares. This treatment will only apply where, and to the extent that, the holding of Ordinary Shares from which the capital return is derived has a positive base cost against which to offset the capital receipt. Where this is not the case, the receipt of a capital return may fall to be treated as a part disposal. A capital return treated as “small” is not required to be included on any self-assessment tax return. An individual Shareholder’s annual exempt amount for capital gains tax purposes will not be affected by this treatment.

No tax credit will be available for individual Shareholders on the receipt of a capital return.

**2. Guernsey Taxation**

The Company being Guernsey tax exempt will not incur any Guernsey tax costs from the Capital Return Scheme, and there will be no Guernsey withholding tax suffered on payments made to Shareholders.

It is expected that Guernsey resident Shareholders will not be taxed on any receipt from the Capital Return Scheme as such receipts will be considered capital.

**3. Stamp Duty**

There are no UK or Guernsey stamp duty implications.

### Part III

#### DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

<b>"Articles"</b>	the articles of incorporation of the Company
<b>"Board" or "Directors"</b>	the directors of the Company
<b>"Capital Return Scheme"</b>	the proposed ad hoc returns of capital to be paid to Shareholders on the basis described under the heading "Capital Return Scheme" in Part I of this document
<b>"Company"</b>	China Growth Opportunities Limited (formerly London Asia Chinese Private Equity Fund Limited)
<b>"EGM" or "Extraordinary General Meeting"</b>	the extraordinary general meeting of the Company to be held on 6 July 2009 at 11.00 a.m., notice of which is set out at the end of this document
<b>"Form of Proxy"</b>	the form of proxy for use by Shareholders in connection with the EGM
<b>"Ordinary Shares"</b>	ordinary shares of 1p each in the capital of the Company
<b>"Resolution"</b>	the resolution to be proposed at the EGM
<b>"Shareholders"</b>	holders of Ordinary Shares

## CHINA GROWTH OPPORTUNITIES LIMITED

*(a company incorporated with limited liability under the laws of Guernsey with registration number 44403)*

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of China Growth Opportunities Limited (the "Company") will be held at No. 1 Le Truchot, St. Peter Port, Guernsey GY1 3JX at 11.00 a.m. on 6 July 2009 for the purposes of considering and, if thought fit, passing the following resolution as a special resolution:

### SPECIAL RESOLUTION

**THAT** the Capital Return Scheme (as defined and referred to in the circular to Shareholders of which this notice forms part) be and is hereby approved and that the words "than out of the profits of the business of the Company" in article 29.2 of the Company's articles of incorporation be deleted and replaced by the words "than in accordance with the Laws".

By Order of the Board  
**Elysium Fund Management Limited**  
Secretary

Registered Office

No. 1 Le Truchot  
St Peter Port  
Guernsey  
GY1 3JX

10 June 2009

Notes:

1. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, either on a show of hands or on a poll, to vote in his or her place. A proxy need not be a member of the Company.
2. To be valid the enclosed Form of Proxy for the Extraordinary General Meeting together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof must be deposited by 11.00 a.m. on 4 July 2009 at the offices of Elysium Fund Management Limited, PO Box 650, No. 1 Le Truchot, St. Peter Port, Guernsey GY1 3JX.
3. Completion and return of the Form of Proxy will not prevent you from attending and voting in person should you wish to do so.
4. The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 6.00 p.m. on 3 July 2009 or, in the event that the meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote at the aforesaid general meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries in the register of members after 6.00 p.m. on 3 July 2009 or, in the event that the meeting is adjourned, in the register of members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
5. In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

**CHINA GROWTH OPPORTUNITIES LIMITED**

*(a company incorporated with limited liability under the laws of Guernsey with registration number 44403)*

**FORM OF PROXY**

For use at the EXTRAORDINARY GENERAL MEETING (Block capitals please)

I/We, the undersigned, .....

of.....

being a member / members of China Growth Opportunities Limited, hereby appoint

[1].....

or failing him, the Chairman of the Extraordinary General Meeting as my/our proxy to vote for me/us on my/our behalf at No. 1 Le Truchot, St Peter Port, Guernsey, GY1 3JX on 6 July 2009 at 11:00 am and at any adjournment thereof and at his discretion on any other matter arising at such meeting.

Signature.....

Dated.....

Please indicate with an X in the spaces below how you wish your votes to be cast.

**As Special Business:**

Special Resolution

To resolve as a special resolution THAT:  
the Capital Return Scheme (as defined and referred to in the circular to Shareholders dated 10 June 2009) be and is hereby approved and that the words "than out of the profits of the business of the Company" in article 29.2 of the Company's articles of incorporation be deleted and replaced by the words "than in accordance with the Laws".

For	Against	Abstain

Notes

1. A member entitled to attend and vote at the Extraordinary General Meeting may appoint a proxy of his or her own choice to attend and to vote on his/her behalf. A proxy need not be a member of the Company. If such an appointment is made, insert the name of the person appointed proxy in the space provided.
2. If the appointor is a corporation, this form of proxy must be under its common seal or under the hand of an officer or attorney duly authorised.
3. In the case of joint holders, the signature of any one holder will be sufficient, but the names of all joint holders should be stated.
4. Please indicate with an 'X' in the appropriate box how you wish your vote to be cast in respect of the Resolution. If this form of proxy is returned without any indication as to how the person appointed proxy shall vote, he or she will exercise his or her discretion as to how he or she votes or whether he or she abstains from voting.
5. To be valid, this form of proxy, together with any power of attorney or other authority (if any) under which it is executed (or a notarially certified copy of such power of attorney or authority) must be duly completed and deposited at the office of Elysium Fund Management Limited, No. 1 Le Truchot, St Peter Port, Guernsey GY1 3JX Channel Islands, not less than 48 hours before the time fixed for holding the Extraordinary General Meeting or adjourned Extraordinary General Meeting (or such later time as the Directors may determine). The return of a form of proxy duly completed will not preclude a member from attending and voting at the Extraordinary General Meeting in person.