

# CHINA GROWTH OPPORTUNITIES LIMITED

## HALF YEARLY RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2009

### CHAIRMAN'S STATEMENT

I am pleased to have the opportunity to present the unaudited condensed half yearly results of China Growth Opportunities Limited (the "Company") for the six month period ended 30 September 2009.

#### Key points

- Return of Capital of 20 pence per Ordinary Share (equivalent to £10.0 million), comprising 18 pence per Ordinary Share on 15 July 2009 and 2 pence per Ordinary Share on 5 October 2009.
- Net assets at 30 September 2009 of £14.4 million (30 September 2008: £47.2 million; 31 March 2009: £25.5million).
- Net assets at 30 September 2009 of 28.8 pence per share (30 September 2008: 94.4 pence; 31 March 2009: 51.04 pence);
- Loss for the period ended 30 September 2009 of £2.1 million, equal to a loss of 4.3 pence per share.
- On 29 September 2009, notice was given to terminate the Asset Divestment Support Agreement with London Asia Capital (S) Pte Limited on 31 October 2009, and Rhys Davies and Brett Miller, who were Non-Executive Directors, became Executive Directors.
- Dr Weiming Zhang appointed to the Board, as a Non-Executive Director, on 9 April 2009.
- Resignation of Simon Littlewood as Executive Director on 19 October 2009.
- Sale of holdings in United Envirotech, Asia Water Technology and China New Energy for a total of £4.4 million.

#### Results

During the six months ended 30 September 2009, the Company was successful in finding buyers for three of its investments, United Envirotech, Asia Water Technology and China New Energy (see below for details), and I believe the Company is on course to sell the remaining six investments in the portfolio by 30 September 2010.

The net assets of the Company at 30 September 2009 were £14.4 million a decrease of £11.1 million since 31 March 2009, largely attributable to the return of capital to shareholders of £9.0 million on 15 July 2009 (see below).

The Company suffered a net loss for the period of £2.1 million (4.3 pence per Ordinary Share) (30 September 2008: £24.5 million, 31 March 2009: £46.1 million).

#### Share Price

The share price rose 72% from the 31 March 2009 price of 12.5 pence to 21.5 pence per Ordinary Share at 30 September 2009. The total return (including the 18.0 pence per share return of capital) was 216% for the period.

#### Return of Capital

At an Extraordinary General Meeting held on 6 July 2009 the shareholders approved a Return of Capital Scheme and amended the Articles to permit future returns of capital. The Board made an initial return of capital to shareholders of 18 pence per Ordinary Share (equivalent to £9.0 million) on 15 July 2009. A further return of capital of 2 pence per Ordinary Share (equivalent of £1.0 million) was made, after the period end, on 5 October 2009. At 30 September 2009 the Company's cash balance totalled £1.9 million.

#### Directorate Changes

Dr Weiming Zhang was appointed to the Board on 9 April 2009. On 29 September 2009, following notice of the termination of the Asset Divestment Agreement with London Asia Capital (S) Pte Limited (see below), Brett Miller and I ceased to be classed as Non-Executive Directors and were deemed to be Executive Directors of the Company. On 5 October 2009, Simon Littlewood resigned as an Executive Director.

#### Asset Divestment Support Agreement

On 29 September 2009 the Company gave notice to terminate the Asset Divestment Support Agreement with London Asia Capital (S) Pte Limited on 31 October 2009. There was no cost to the Company of the termination of the Asset Divestment Support Agreement. Following the termination of the Asset Divestment Support Agreement, the Board has continued to manage the sale of the Company's investments and the Company's investment activities are now fully self-managed, with all services previously provided under the Asset Divestment Support Agreement now being undertaken by the Executive Directors, being Brett Miller and I. This has reduced the investment consultancy costs to the Company significantly.

#### Change of Nominated Adviser and Nominated Broker

As part of the continuous endeavours of the Board to ensure that the Company receives excellent service as well as value for money from its advisers, on 6 November 2009, the Board terminated the Company's agreement with the Nominated Adviser and Nominated Broker, Collins Stewart Europe Limited, and appointed Singer Capital Markets Limited to undertake both roles.

**Investments**

During the period ended 30 September 2009, the Company sold its entire holding in United Envirotech, Asia Water Technology and China New Energy for a total of £4.4 million. This was £0.1 million above the 31 March 2009 "fair value" of these investments but realised a loss of £11.3 million.

The Company now has six remaining investments in its portfolio, valued at £12.0 million.

At 30 September 2009, the Company's main investment was a 14.64% holding, valued at £7.6 million, in China Metal Packaging Group Company Limited. China Metal Packaging is a market leader in its sector and represents a pure investment play on the trends of rising urbanization and domestic consumption growth in China. Brett Miller was appointed to the board of China Metal Packaging Group Company Limited as a non-executive director during the period.

We have valued your investments in China Metal Packaging Group Company Limited and Wan Wei Oil & Gas Technology Group at a 10% discount, in local currency, to their 31 March 2009 valuations.

This reflects our conservative assessment of the value at which your investments could have been exchanged between knowledgeable, willing parties in an arm's length transaction at the reporting date (so-called "fair value").

The valuation of China CDM Exchange Centre Limited rose by 78% in the period under review as we value it on an NAV basis, using a 50% discount to its AIM listed peer group of environmental investment companies. Therefore, while the peer group traded at a 29% discount to NAV on 30 September 2009, we valued China CDM Exchange Centre Limited at a 65% discount to its stated NAV at 30 June 2009.

Moreover, as the pound appreciated by 10.4% against the Renminbi during the period under review the overall investment loss in the period was £1,091,000.

**Outlook**

The Board is optimistic that it will achieve the targets outlined in the Investing Policy and maximise the return to shareholders by negotiating the best possible value for the sale of the remaining investments.

R Davies  
8 December 2009

**CONDENSED HALF YEARLY STATEMENT OF COMPREHENSIVE INCOME**  
for the six months ended 30 September 2009

	<i>1 April 2009 to 30 September 2009 (unaudited) £'000</i>	<i>1 April 2008 to 30 September 2008 (unaudited) £'000</i>	<i>1 April 2008 to 31 March 2009 (audited) £'000</i>
<b>Investment gains and losses</b>			
Net unrealised change in fair value of investments	10,217	(24,320)	(43,339)
Realised loss from sale of investments	(11,308)	-	(6,197)
<b>Total investment loss</b>	<b>(1,091)</b>	<b>(24,320)</b>	<b>(49,536)</b>
<b>Income</b>			
Other income	6	724	109
<b>Total income</b>	<b>6</b>	<b>724</b>	<b>109</b>
<b>Expenses</b>			
Investment Consultant's fee	(120)	(709)	653
Performance fee written-back	-	-	3,024
Administration fees	(108)	(63)	(145)
Directors' remuneration	(89)	(36)	(95)
Audit fees	(25)	(58)	(85)
EGM expenses	-	-	(104)
Transaction costs	(102)	-	-
Other expenses	(144)	(59)	(146)
<b>Total expenses</b>	<b>(588)</b>	<b>(925)</b>	<b>3,102</b>
(Loss)/gain on foreign currency exchange	(463)	54	183
<b>Loss for the period/year</b>	<b>(2,136)</b>	<b>(24,467)</b>	<b>(46,142)</b>
<b>Other comprehensive (loss)/income</b>			
Foreign currency translation differences	(1)	(1)	2
<b>Total other comprehensive (loss)/income</b>	<b>(1)</b>	<b>(1)</b>	<b>2</b>
<b>Total comprehensive loss for the period/year</b>	<b>(2,137)</b>	<b>(24,468)</b>	<b>(46,140)</b>
<b>Loss per share – basic and fully-diluted</b>	<b>(4.27)p</b>	<b>(48.93)p</b>	<b>(92.28)p</b>

**CONDENSED STATEMENT OF FINANCIAL POSITION**  
as at 30 September 2009

	<i>30 September 2009</i> <i>(unaudited)</i> £'000	<i>30 September 2008</i> <i>(unaudited)</i> £'000	<i>31 March 2009</i> <i>(audited)</i> £'000
<b>Non-current assets</b>			
Investments at fair value through profit or loss	11,953	47,998	17,412
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<b>Current assets</b>			
Other receivables	635	877	3,393
Cash and cash equivalents	1,875	3,667	4,930
	-----	-----	-----
	2,510	4,544	8,323
	-----	-----	-----
<b>Total assets</b>	<b>14,463</b>	<b>52,542</b>	<b>25,735</b>
	-----	-----	-----
<b>Current liabilities</b>			
Payables and accruals	(78)	(5,348)	(213)
	-----	-----	-----
<b>Net assets</b>	<b>14,385</b>	<b>47,194</b>	<b>25,522</b>
	-----	-----	-----
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	500	500	500
Other reserve	2,293	2,293	2,293
Distributable reserves	11,591	44,402	22,727
Foreign exchange translation reserve	1	(1)	2
	-----	-----	-----
<b>Total equity shareholders' funds</b>	<b>14,385</b>	<b>47,194</b>	<b>25,522</b>
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<b>Net Asset Value per Ordinary Share</b>	<b>28.77p</b>	<b>94.39p</b>	<b>51.04p</b>

**CONDENSED HALF YEARLY STATEMENT OF CHANGES IN EQUITY**  
for the six months ended 30 September 2009 (*unaudited*)

	<i>Share capital</i> £'000	<i>Other</i> <i>reserve</i> £'000	<i>Distributable</i> <i>reserves</i> £'000	Foreign exchange translation reserve £'000	<i>Total</i> £'000
<b>Balance at 31 March 2009</b>	500	2,293	22,727	2	25,522
Loss for the six month period	-	-	(2,136)	-	(2,136)
Foreign currency translation differences	-	-	-	(1)	(1)
Return of Capital	-	-	(9,000)	-	(9,000)
<b>Balance at 30 September 2009</b>	500	2,293	11,591	1	14,385

**for the six months ended 30 September 2008 (*unaudited*)**

	<i>Share capital</i> £'000	<i>Other</i> <i>reserve</i> £'000	<i>Distributable</i> <i>reserves</i> £'000	Foreign exchange translation reserve £'000	<i>Total</i> £'000
<b>Balance at 31 March 2008</b>	500	2,293	68,869	-	71,662
Loss for the six month period	-	-	(24,467)	-	(24,467)
Foreign currency translation differences	-	-	-	(1)	(1)
<b>Balance at 30 September 2008</b>	500	2,293	44,402	(1)	47,194

**for the year ended 31 March 2009 (*audited*)**

	<i>Share capital</i> £'000	<i>Other</i> <i>reserve</i> £'000	<i>Distributable</i> <i>reserves</i> £'000	Foreign exchange translation reserve £'000	<i>Total</i> £'000
<b>Balance at 31 March 2008</b>	500	2,293	68,869	-	71,662
Loss for the six month period	-	-	(46,142)	-	(46,142)
Foreign currency translation differences	-	-	-	2	2
<b>Balance at 31 March 2009</b>	500	2,293	22,727	2	25,522

**CONDENSED HALF YEARLY STATEMENT OF CASH FLOWS**  
for the six months ended 30 September 2009

	<i>1 April 2009 to 30 September 2009 (unaudited) £'000</i>	<i>1 April 2008 to 30 September 2008 (unaudited) £'000</i>	<i>1 April 2008 to 31 March 2009 (audited) £'000</i>
<b>Cash flows from operating activities</b>			
Other income received	6	358	602
Investment Consultant's fees paid	(220)	-	(350)
Administration fees paid	(138)	(62)	(170)
Directors' remuneration paid	(86)	(29)	(95)
Audit fees paid	(25)	(8)	(74)
EGM expenses paid	-	-	(104)
Other expenses paid	(246)	(48)	(134)
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<b>Net cash (outflow)/inflow from operating activities</b>	<b>(709)</b>	<b>211</b>	<b>(325)</b>
<b>Cash flows from investing activities</b>			
Purchase of fair value through profit or loss investments	-	-	(334)
Sale of fair value through profit or loss investments	6,930	-	2,000
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<b>Net cash inflow from investing activities</b>	<b>6,930</b>	<b>-</b>	<b>1,666</b>
	-----	-----	-----
<b>Cash flow from financing activities</b>			
Return of capital	(9,000)	-	-
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<b>Net cash outflow from investing activities</b>	<b>(9000)</b>	<b>-</b>	<b>-</b>
	-----	-----	-----
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(2,779)</b>	<b>211</b>	<b>1,341</b>
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Cash and cash equivalents brought forward	<b>4,930</b>	<b>3,402</b>	<b>3,402</b>
(Decrease)/increase in cash and cash equivalents	(2,779)	211	1,341
Foreign exchange movement	(276)	54	187
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Cash and cash equivalents carried forward	<b>1,875</b>	<b>3,667</b>	<b>4,930</b>
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## INVESTMENT PORTFOLIO

as at 30 September 2009

<i>Company</i>	<i>Activity/Sector</i>	<i>Listing</i>	<i>Country of Incorporation</i>	<i>30 September 2009</i>	<i>Fair value</i>	
					<i>30 September 2008</i>	<i>31 March 2009</i>
				<i>£000</i>	<i>£000</i>	<i>£000</i>
China CDM Exchange Centre Limited	Carbon credit brokerage	PLUS	Jersey	1,577	9,900	884
China Metal Packaging Group Company Limited	Consumer	Not quoted	BVI	7,620	9,200	9,440
China Real Estate Services Limited	Property services	Not quoted	China	-	1,300	10
China Solar Energy Company Limited	Clean technology	Not quoted	Jersey	-	3,000	-
Dalian Business Institute Limited	Education	Not quoted	Jersey	-	1,600	-
Wan Wei Oil & Gas Technology Group	Energy	Not quoted	BVI	2,756	5,300	2,770
				-----	-----	-----
				11,953	30,300	13,104
				-----	-----	-----
Investments sold in the period ended 30 September 2009				-	17,700	4,308
				-----	-----	-----
				11,953	48,000	17,412
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For further information please visit [www.chinagrowthopportunities.com](http://www.chinagrowthopportunities.com) or contact:

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