

## China Growth Opps Ld (CGOP) - Half Yearly Report

RNS Number : 4898X

China Growth Opportunities Ltd  
07 December 2010

## CHINA GROWTH OPPORTUNITIES LIMITED

RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

## KEY POINTS

Net assets at 30 September 2010 of £5.7 million (30 September 2009: £14.4 million, 31 March 2010: £6.3 million).

Net assets per share at 31 March 2010 of 11.41p (30 September 2009: 28.77p; 31 March 2010: 12.52p).

Extension of Investment Policy to sell investments by 30 September 2011.

For further information please visit [www.chinagrowthopportunities.com](http://www.chinagrowthopportunities.com) or contact:

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#### CHAIRMAN'S STATEMENT

I am pleased to have the opportunity to present the half-yearly results of China Growth Opportunities Limited (the "Company") for the six-month period ended 30 September 2010.

#### Results

During the six months ended 30 September 2010, the Company was successful in finding a buyer for Dalian Business Institute. Finding buyers for certain of the remaining investments is challenging but I believe that the Company is on course to sell the remaining investments in the portfolio by 30 September 2011 as per the new Investing Policy (see below).

The net assets of the Company at 30 September 2010 were £5.7 million, a decrease of £0.6 million from 31 March 2010, largely attributable to the decrease in valuations at the period end.

The Company made a net loss for the period of £0.6 million (1.11p per Ordinary Share) (30 September 2009: loss of £2.1 million, 31 March 2010: loss of £9.3 million).

#### Share Price

The share price dropped during the period by 28% from the 31 March 2010 price of 15.25p to 11.00p per Ordinary Share at 30 September 2010.

#### Investing Policy

Following the Annual General Meeting held on 14 September 2010, the Investing Policy of the Company was amended to be: "The Investing Policy of the Company is 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 2011."

#### Return of Capital

The Board continues to investigate every avenue to find purchasers for the remaining investments held by the Company and is confident that, in line with the new investing policy, purchasers will be found and further returns of capital will be made before 30 September 2011.

## Investments

At 30 September 2010, the Company's main investment was a 14.64% holding, valued at £4.2 million, in China Metal Packaging Group Company Limited. Brett Miller was appointed to the board of China Metal Packaging Group Company Limited as a non-executive director in July 2009. The valuation, based on a discounted cash flow calculation, has increased by 3.7% since 31 March 2010 and reflects the value at which the Board believes the investment 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 ("China CDM") fell by 32% in the period under review as we value it on an NAV basis, using a 75% discount to its AIM listed peer group of environmental investment companies. The discount used has increased from 50% at 31 March 2010 to 75% at 30 September 2010. Therefore, while the peer group traded at a 29% discount to NAV on 30 September 2010, we valued China CDM at an 82% discount to its stated NAV at 30 June 2010. During the period ended 30 September 2010, the Company sold 5,000 shares in China CDM for a total of £2,000, reducing the Company's holding in the investment to 8.23%. Following the period end, a further 257,500 shares in China CDM were sold for £14,500. We have found that there is a significant lack of liquidity in the market for the shares.

On 13 July 2010, the Company sold its entire holding in Dalian Business Institute for a total of \$US10,000. China Real Estate Services was liquidated during the period. No funds were received by the Company as a result of the liquidation.

In the 31 March 2010 Annual Report and Financial Statements of the Company, we announced that the Company had agreed to sell its entire holding in the Wan Wei Oil and Gas Technology Group for a total of US\$750,000, which was due in three equal instalments in September 2010, December 2010 and March 2010. The Company has not received the first instalment and it has become apparent that this sale will not now proceed.

At 30 September 2010, the Company had four remaining investments in its portfolio, valued at £4.7 million.

## 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.

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 Respectfully yours

R Davies

7 December 2010

CONDENSED HALF-YEARLY STATEMENT OF COMPREHENSIVE INCOME  
 for the six months ended 30 September 2010

	1 April 2010 to 30 September 2010 (unaudited) £'000	1 April 2009 to 30 September 2009 (unaudited) £'000	1 April 2009 to 31 March 2010 (audited) £'000
Investment gains and losses			
Net unrealised change in fair value of investments	4,180	10,217	3,412
Realised loss from sale of investments	(4,535)	(11,308)	(11,303)
	-----	-----	-----
Total investment losses	(355)	(1,091)	(7,891)
Income			
Other income	1	6	7
	-----	-----	-----
Total income	1	6	7
Expenses			
Directors' remuneration	(69)	(89)	(179)
Administration fees	(63)	(108)	(170)
Other expenses	(69)	(271)	(395)
Investment Consultant's fee	-	(120)	(140)
	-----	-----	-----
Total expenses	(201)	(588)	(884)
Loss on foreign currency exchange	-	(463)	(491)
	-----	-----	-----
Loss for the period/year	(555)	(2,136)	(9,259)
Other comprehensive loss			
Foreign currency translation differences	-	(1)	(2)
	-----	-----	-----
Total other comprehensive loss	-	(1)	(2)
	-----	-----	-----
Total comprehensive loss for the period/year	(555)	(2,137)	(9,261)
	-----	-----	-----
Loss per share - basic	(1.11)p	(4.27)p	(18.52)p

CONDENSED STATEMENT OF FINANCIAL POSITION

as at 30 September 2010

	30 September 2010 (unaudited) £'000	30 September 2009 (unaudited) £'000	31 March 2010 (audited) £'000
Non-current assets			
Investments designated at fair value through profit or loss	4,722	11,953	5,146
Current assets			
Other receivables	9	635	13
Cash and cash equivalents	1,057	1,875	1,212
	1,066	2,510	1,225
Total assets	5,788	14,463	6,371
Current liabilities			
Payables and accruals	(82)	(78)	(110)
Net assets	5,706	14,385	6,261
Capital and reserves attributable to equity holders of the Company			
Share capital	500	500	500
Other reserve	2,293	2,293	2,293
Distributable reserves	2,913	11,591	3,468
Foreign exchange translation reserve	-	1	-
Total equity shareholders' funds	5,706	14,385	6,261
Net Asset Value per Ordinary Share - basic and diluted	11.41p	28.77p	12.52p

CONDENSED HALF-YEARLY STATEMENT OF CHANGES IN EQUITY  
 for the six months ended 30 September 2010 (unaudited)

	Share capital £'000	Other reserve £'000	Distributable reserves £'000	Foreign exchange translation reserve £'000	Total £'000
Balance at 31 March	500	2,293	3,468	-	6,261

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2010					
Total comprehensive income for the period					
Loss for the period	-	-	(555)	-	(555)
Balance at 30 September 2010	500	2,293	2,913	-	5,706

for the six months ended 30 September 2009 (unaudited)

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

for the year ended 31 March 2010 (audited)

	Share capital £'000	Other reserve £'000	Distributable reserves £'000	Foreign exchange translation reserve £'000	Total £'000
Balance at 31 March 2009	500	2,293	22,727	2	25,522
Return of Capital	-	-	(10,000)	-	(10,000)
Total comprehensive loss for the year					
Loss for the year	-	-	(9,259)	-	(9,259)
Other comprehensive loss for the year	-	-	-	(2)	(2)
Balance at 31 March 2010	500	2,293	3,468	-	6,261

CONDENSED HALF-YEARLY STATEMENT OF CASH FLOWS

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for the six months ended 30 September 2010  
1 April 2010 to 1 April 2009 to 1 April 2009 to

	30 September 2010 (unaudited) £'000	30 September 2009 (unaudited) £'000	31 March 2010 (audited) £'000
Cash flows from operating activities			
Other income received	1	6	8
Administration fees paid	(62)	(138)	(170)
Directors' remuneration paid	(88)	(86)	(164)
Audit fees paid	(23)	(25)	(66)
Other expenses paid	(52)	(246)	(359)
Investment Consultant's fees paid	-	(220)	(220)
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Net cash outflow from operating activities	(224)	(709)	(971)
Cash flows from investing activities			
Sale of fair value through profit or loss investments	69	6,930	7,569
	-----	-----	-----
Net cash inflow from investing activities	69	6,930	7,569
	-----	-----	-----
Cash flow from financing activities			
Return of capital	-	(9,000)	(10,000)
	-----	-----	-----
Net cash outflow from investing activities	-	(9,000)	(10,000)
	-----	-----	-----
Decrease in cash and cash equivalents	(155)	(2,779)	(3,402)
	-----	-----	-----
Cash and cash equivalents brought forward	1,212	4,930	4,930
Decrease in cash and cash equivalents	(155)	(2,779)	(3,402)
Foreign exchange movement	-	(276)	(316)
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Cash and cash equivalents carried forward	1,057	1,875	1,212
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