

China Growth Opps Ld (CGOP) - Final Results

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CHINA GROWTH OPPORTUNITIES LIMITED

RESULTS FOR THE YEAR ENDED 31 MARCH 2010

KEY POINTS

- Total return to shareholders for the year ended 31 March 2010 of 184% (23.00p per Ordinary Share).
- Return of capital to Ordinary Shareholders of £10 million (20.00p per Ordinary Share).
- Net assets at 31 March 2010 of £6.3 million (2009: £25.5 million).
- Net assets per share at 31 March 2010 of 12.52p (2009: 51.04p).
- Sale of holdings in Asia Water Technology, United Envirotech and China New Energy during the year ended 31 March 2010 for £4.4 million.
- It has been agreed to sell Dalian Business Institute and Wan Wei Oil and Gas Technology post year end for a total of \$760,000.
- Termination of the Asset Divestment Support Agreement with London Asia Capital (S) Pte Limited.
- Resignation of Executive Director Mr Simon Littlewood.
- Appointment of Dr Weiming Zhang as a Non-Executive Director.
- Proposed amendment to Investing Policy extending the period over which the investments will be sold.

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CHAIRMAN'S STATEMENT

I am pleased to have the opportunity to present the annual report and results of China Growth Opportunities Limited (the "Company") for the year ended 31 March 2010.

Results

The net asset value of the Company at 31 March 2010 was £6.3 million (2009: £25.5 million), equal to 12.52p per Ordinary Share (2009: 51.04p per Ordinary Share). The 75% decrease in net asset value from 31 March 2009 was due to the £10.0 million return of capital to shareholders, and the £9.3 million net loss for the period under review (2009: loss £46.1 million), representing a loss per Ordinary Share of 18.52p (2009: loss of 92.28p), which arose primarily from the downwards revaluation of the Company's investments in China Metal Packaging Group Company Limited and Wan Wei Oil & Gas Technology.

Investing Policy

As it is becoming unlikely that buyers for the remaining investments will be found before 30 September 2010 (as the Investing Policy currently states), it is proposed to amend the Investing Policy 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

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 18.00p per Ordinary Share (equivalent to £9.0 million) on 15 July 2009 and a further return of capital of 2.00p per Ordinary Share (equivalent of £1.0 million) on 15 July 2010.

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million) was made on 5 October 2009.

Total Return (Share Price and Capital Return)

The total return to shareholders for the year ended 31 March 2010 (including the 20.00p per Ordinary Share return of capital) was +184%.

Investments

During the year ended 31 March 2010, the Company sold its entire holding in Asia Water Technology, United Envirotech and China New Energy for a total of £4.4 million. While this was £0.1 million above the 31 March 2009 "fair value" of these investments, a loss of £11.3 million was realised on their disposal.

At 31 March 2010, the Company's main investment was a 14.64% holding, valued at £4.0 million (2009: £9.4 million), in China Metal Packaging Group Company Limited ("China Metal Packaging"). China Metal Packaging manufactures aluminium easy-to-open can lids, pull-tab ends, closures and other metal packaging products, primarily for the beverages market. The underlying drivers of China Metal Packaging's growth are the trends of rising urbanisation and domestic consumption growth in China. Brett Miller was appointed to the board of China Metal Packaging as a non-executive director during the year.

The valuation of China CDM Exchange Centre fell by 8.2% in the year under review. We value it on a net asset value basis, using a 50% discount to its AIM listed peer group of environmental investment companies. Therefore, while the peer group traded at a 49% discount to NAV on 31 March 2010, we valued China CDM Exchange Centre at a 75% discount to its stated net asset value (excluding its intangible asset value) at 31 December 2009. In December 2009, and in April 2010 to June 2010, the Company sold a minimal share of its holding (252,600 shares) in China CDM Exchange Centre for £67,550.

On 9 July 2010, the Company agreed to sell its entire holding in Wan Wei Oil and Gas Technology for a total of US\$750,000, which is due in three equal instalments in September 2010, December 2010 and March 2011.

On 13 July 2010, the Company sold its entire investment in Dalian Business Institute for a total of US\$10,000. We have written off the value of China Real Estate Services (2009: was valued at £10,000) as this was liquidated post year end. China Solar Energy Company has no value, which is largely unchanged from the position at 31 March 2009.

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Our approach to the valuation of all of the Company's investments reflects our view of fair value being the value at which your investments could have been exchanged between knowledgeable, willing parties in an arm's length transaction at the reporting date.

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 Support Agreement with London Asia Capital (S) Pte Limited (see below), Brett Miller and I ceased to be Non-Executive Directors and became Executive Directors of the Company with specific responsibility for the divestment of the remaining assets of the Company. On 19 October 2009, Simon Littlewood resigned as an Executive Director.

Other Matters

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. This change has reduced the investment consultancy costs to the Company significantly.

Outlook

As a Board we are further reducing operating costs through service provider contract re-negotiations and other overhead reductions, and in this spirit the Executive Directors reduced their own remuneration by 50% after the year end. Our objective is to realise assets at the appropriate time and value, and to return the proceeds less expenses to our shareholders. I am hopeful that there will be further progress to report when we release our interim results for the period ending 30 September 2010.

Respectfully yours

R Davies

6 August 2010

INVESTMENT PORTFOLIO
as at 31 March 2010

Company	Activity/Sector	Listing	Country of incorporation	Fair value	
				2010 £'000	2009 £'000
China Metal Packaging Group Company	Consumer	Not quoted	BVI	4,021	9,440
China CDM Exchange Centre	Carbon credit brokerage	PLUS	Jersey	812	884
Wan Wei Oil & Gas Technology Group	Energy	Not quoted	BVI	313	2,770
China Real Estate Services	Property services	Not quoted	China	-	10
				-----	-----
Investments sold in the year ended 31 March 2010				5,146	13,104
				-----	-----
					4,308

					17,412

In addition to the above investments, the Company owns shares in China Solar Energy Company Limited and Dalian Business Institute Limited, both of which are incorporated in Jersey, and had fair values of nil at 31 March 2009 and 31 March 2010.

China Metal Packaging Group Company Limited ("CMPG")
CMPG is a manufacturer of aluminium easy-to-open can-lids, pull-tab ends, caps, closures and other metal packaging products and is the largest "easy open end" manufacturer in China, with a market share of over 50%.
Mr Miller was appointed to the board of CMPG on 21 July 2009.
China CDM Exchange Centre Limited ("CCEC")
CCEC, a Jersey incorporated company listed on PLUS, is a broker and advisor in China's carbon credits market.

In March 2010, CCEC announced annual profits of RMB 64.0 million (£6.2 million) for the year ended 31 December 2009, an increase of 14% from the previous year.
Wan Wei Oil and Gas Technology Group ("Wan Wei")
On 9 July 2010, the Company agreed to sell its entire holding in Wan Wei Oil and Gas Technology for a total of US\$750,000, which is due in three equal instalments in September 2010, December 2010 and March 2011.
China Real Estate Services Limited ("CRES")
There is considerable uncertainty as to the continuing survival of CRES as it has filed for bankruptcy. Post year end CRES was put into liquidation. It is

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not anticipated that the Company will receive any funds as a result of the liquidation.

Dalian Business Institute Limited ("DBI")

DBI was sold on 13 July 2010 for US\$10,000.

The financial information set out in this announcement does not constitute the Company's statutory financial statements for the year-ended 31 March 2010.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2010

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
Investment gains and losses	3,412	(43,339)
Net unrealised change in fair value of investments	(11,303)	(6,197)
Realised loss from sale of investments	-----	-----
	(7,891)	(49,536)
Total investment losses		
Income	7	109
Other income	-----	-----
	7	109
Total income		
Expenses		
Directors' remuneration	(179)	(95)
Administration fees	(170)	(145)
Other expenses	(395)	(231)
Investment Consultant's fee	(140)	653
Performance fee	-	3,024
EGM expenses	-	(104)
	-----	-----
Total expenses	(884)	3,102
(Loss)/gain on foreign currency exchange	(491)	183
	-----	-----
Loss for the year	(9,259)	(46,142)
Other comprehensive income		
Exchange differences arising from translation of foreign operations	(2)	2
	-----	-----
Total other comprehensive (loss)/income	(2)	2
	-----	-----
Total comprehensive loss for the year attributable to the shareholders	(9,261)	(46,140)
	-----	-----
Loss per Ordinary Share - basic and diluted	(18.52)p	(92.28)p

All the items in the above statement are derived from continuing operations.

STATEMENT OF FINANCIAL POSITION
as at 31 March 2010

	31 March 2010	31 March 2009
	£'000	£'000
Non-current assets		
Investments designated at fair value through profit or loss	5,146	17,412
Current assets	-----	-----
Other receivables	13	3,393
Cash and cash equivalents	1,212	4,930
	-----	-----
Total assets	1,225	8,323
	-----	-----
Current liabilities	6,371	25,735
Payables and accruals	-----	-----
	(110)	(213)
Net assets	-----	-----
	6,261	25,522
	-----	-----
Capital and reserves attributable to equity holders of the Company		
Share capital		
Other reserve	500	500
Foreign exchange translation reserve	2,293	2,293
Distributable reserves	-	2
	3,468	22,727
	-----	-----
Total equity shareholders' funds	6,261	25,522
	-----	-----
Net Asset Value per Ordinary Share - basic and diluted	12.52p	51.04p

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2010

Share capital	Other reserve	Distributable reserves	Foreign exchange translation reserve	Total
£'000	£'000	£'000	£'000	£'000

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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	-	-	(9,259)	-	(9,259)
Other comprehensive loss	-	-	-	(2)	(2)
Balance at 31 March 2010	500	2,293	3,468	-	6,261

for the year ended 31 March 2009

	Share capital £'000	Other reserve £'000	Distributable reserves £'000	Foreign exchange translation reserve £'000	Total £'000
Balance at 31 March 2008	500	2,293	68,869	-	71,662
Total comprehensive (loss)/income for the year	-	-	(46,142)	-	(46,142)
Other comprehensive income	-	-	-	2	2
Balance at 31 March 2009	500	2,293	22,727	2	25,522

STATEMENT OF CASH FLOWS

for the year ended 31 March 2010

Year ended	Year ended
31 March 2010	31 March 2009
£'000	£'000

Cash flows from operating activities		
Other income received		
Investment Consultant's fees paid	8	602
Administration fees paid	(220)	(350)
Directors' remuneration paid	(170)	(170)
Audit fees paid	(164)	(95)
EGM expenses paid	(66)	(74)
Other expenses paid	-	(104)
	(359)	(134)
Net cash outflow from operating activities	-----	-----
Cash flows from investing activities	(971)	(325)
Purchase of fair value through profit or loss investments	-	(334)
Sale of fair value through profit or loss investments	7,569	2,000
Net cash inflow from investing activities	-----	-----
Cash flows from financing activities	7,569	1,666
Return of capital	(10,000)	-
Net cash outflow from investing activities	-----	-----
	(10,000)	-
(Decrease)/increase in cash and cash equivalents	-----	-----
	(3,402)	1,341
Cash and cash equivalents brought forward	-----	-----
(Decrease)/increase in cash and cash equivalents	4,930	3,402
Foreign exchange movement	(3,402)	1,341
	(316)	187
Cash and cash equivalents carried forward	-----	-----
	1,212	4,930
	-----	-----

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