

# CHINA GROWTH OPPORTUNITIES LIMITED

## RESULTS FOR THE YEAR ENDED 31 MARCH 2012

### KEY POINTS

- Following the Extraordinary General Meeting held on 28 May 2012, £200,000 was raised through the issue of 20 million Ordinary Shares to the Scarborough Group, £250,000 was returned to shareholders and the Investing Policy was changed.
- Cash distribution to Ordinary shareholders of £750,000 during the year (1.50p per Ordinary Share).
- In specie distribution to Ordinary shareholders of the majority of the Company's holding in China CDM Exchange Centre during the year.
- Net assets at 31 March 2012 of £0.6 million (2011: £1.8 million).
- Net assets per share at 31 March 2012 of 1.10p (2011: 3.55p).

The 2012 Annual Financial Report & Accounts are being sent to Shareholders and will be available shortly on the Company's website: [www.chinagrowthopportunities.com](http://www.chinagrowthopportunities.com). Copies can be obtained in hard copy form free of charge, from the Company Secretary, Elysium Fund Management Limited, PO Box 650, 1st Floor, No. Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey, GY1 3JX.

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 results of China Growth Opportunities Limited (the "Company") for the year ended 31 March 2012.

#### Results

The net asset value of the Company at 31 March 2012 was £0.6 million (2011: £1.8 million), equal to 1.10p per Ordinary Share (2011: 3.55p per Ordinary Share). The 69% decrease in net asset value from 31 March 2011 was due to the £1.1 million return of capital to shareholders and a net loss for the year of £0.1 million (31 March 2011: loss of £1.5 million).

#### Investing Policy

The Investing Policy of the Company during the year ended 31 March 2012 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 2012.

In accordance with this investing policy, the Company has been making regular returns of capital to its shareholders since its current investment objective was amended at the EGM held on 23 January 2009. Since that date, the Company has returned capital of 27.50p per Ordinary Share in cash as well as a further £328,000 to shareholders via a distribution in specie of 9,364,963 shares in China CDM Exchange Centre Limited ("CCEC"). The Company held one investment as at 31 March 2012, which cost £4.0 million and had a fair value of nil at 31 March 2012. The Directors do not believe any value can be recovered from this investment.

As the existing investment policy is now complete, as part of the additional subscription, at an Extraordinary General Meeting held on 28 May 2012, the Company changed its policy to be:

“The Company's objective is to provide shareholders with capital growth and income from investing in a portfolio of companies whose business operations are based in China. The Company will seek to invest as sole or lead investor in profitable, well-managed real estate and retail orientated businesses whose business operations are based in China.

The Investor intends to utilise its resources and contacts in Hong Kong and China in order to generate deal flow and actively manage investments. Although there are no limits on the proportion of the Company's net assets which may be invested in any particular investment, the Directors will seek to ensure that the Company has a spread of investments. Investments are expected to be held for between approximately three to five years.

The Company will hold its investments through special purpose vehicles (“SPVs”). Borrowing may be undertaken at the SPV level and investments may initially be highly geared”.

### **Additional Subscription**

On 28 May 2012 the Company announced that it was seeking to raise £200,000 (before expenses) by way of an issue of 20,000,000 Ordinary Shares to Scarborough Holding Company Limited (“Scarborough”), with Warrants attached on a one-for-one basis, at a price of 1.0p per Ordinary Share. The subscription proceeds will be used to fund the working capital requirements of the Company and enable the Company to implement the new Investing Policy. Below are the terms of the subscription:

- A return of capital of 0.5 pence per Ordinary Share paid to shareholders on 8 June 2012.
- A bonus issue of warrants to shareholders on the register at the record date on the basis that shareholders received one warrant for every two Ordinary Shares held.
- £200,000 raised (before expenses) by way of an issue of 20,000,000 new Ordinary Shares to the investor at a price of 1.0p per Ordinary Share with Warrants attached so that Scarborough, at admission, held 20,000,000 Ordinary Shares and 20,000,000 Warrants. The subscription was conditional, inter alia, upon the Company obtaining approval from its shareholders to disapply statutory pre-emption rights and to grant the Board authority to allot the subscription shares as well as approval by shareholders of the new investment policy.
- The subscription will provide the funds required for working capital and for the Company to pursue the new investment policy. Further, on subscription, the Board of the Company changed and Mr Miller and Dr Zhang were replaced by Mr McCabe. Thereafter the Company will invest on the terms of the new Investing Policy.

I would like to thank Mr Miller and Dr Zhang for their contribution to the Company over the recent years. I am also delighted to welcome Mr McCabe to the Board and feel that his appointment will enhance our ability to deliver value for shareholders under the Company's new investment policy.

### **Return of Capital**

On 6 July 2011, the Company made a return of capital to shareholders of 1.50p per Ordinary Share (equivalent to £0.8 million). On 1 August 2011, the Company returned a further £328,000 to shareholders via an in specie distribution of 9,364,963 shares in CCEC. Shareholders received 0.1873 CCEC shares for every Ordinary Share held. Based on the mid-market price per CCEC share of 3.5p as at close of business on 27 July 2011, the return of capital was equal to approximately 0.66 pence per China Growth Opportunities Limited Ordinary Share.

Fractional entitlements were not issued to the Company's shareholders and all fractional entitlements to which holders of the Company's shareholders would have become entitled were rounded down and retained by the Company. The Company retained 4,937 shares in CCEC as a result of these fractional entitlements and sold these for 3.5p each on 9 August 2011.

The total return of capital in the year ended 31 March 2012 was equal to approximately 2.16p per Ordinary share.

In addition, as mentioned above, £250,000 (0.5 pence per Ordinary Share) was paid to shareholders on 8 June 2012.

### **Investments**

During the year ended 31 March 2012, the Company disposed of its entire holding in CCEC. As mentioned above, 9,364,963 shares in CCEC were transferred to shareholders by way of a distribution in specie and the remaining fractional entitlements of 4,937 shares were sold on 9 August 2011 for 3.5p per share. The total deemed proceeds from the disposal of the investment in CCEC amounted to £328,000.

The proceeds from the sale of the CCEC investment was £0.1 million higher than its 31 March 2011 "fair value" but a realised loss of £1.4 million was incurred when comparing the disposal proceeds of £0.3 million to its initial cost of £1.7 million.

China Solar, which had cost the Company £2.0 million, but has been carried at nil since 31 March 2009, has been dissolved. The Company did not receive any return from its investment in China Solar.

At 31 March 2012, the Company held one investment, which cost £4.0 million (31 March 2011: three investments which cost £7.7 million). At 31 March 2012, this investment had a fair value of nil (31 March 2011: £0.2 million).

Although the Wan Wei convertible loan note matured in May 2012, Wan Wei was not in a position to redeem the loan note on even a partial basis. As the result of bad debt problems, Wan Wei lacks sufficient working capital to advance the business. On the basis of the lack of interested buyers for the Company's investment in Wan Wei and the inability of Wan Wei to even partially redeem the convertible loan note given its financial position, the value of the Company's interest in Wan Wei is carried at nil.

Our approach to the valuation 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.

**Outlook**

As a Board we felt that we had achieved the previous Investing Policy and that it was the right time to move the Company in a different direction. The additional subscription presented an opportunity to return further capital to shareholders and for the Company to obtain additional working capital to pursue a new investment strategy. Your new Board believes that the Company will be able to take advantage of the investment opportunities available in China, in accordance with its new Investing Policy, to ensure its future prosperity.

Respectfully yours

R Davies  
18 June 2012

**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 31 March 2012

	<i>Year ended</i> <i>31 March 2012</i> <i>£'000</i>	<i>Year ended</i> <i>31 March 2011</i> <i>£'000</i>
<b>Investment gains and losses</b>		
Net unrealised change in fair value of investments	3,500	4,453
Realised loss from sale of investments	(3,359)	(5,565)
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<b>Total investment gains and losses</b>	<b>141</b>	<b>(1,112)</b>
<b>Income</b>		
Other income	3	3
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<b>Total income</b>	<b>3</b>	<b>3</b>
<b>Expenses</b>		
Administration fees	(100)	(119)
Directors' remuneration	(96)	(117)
Other expenses	(92)	(141)
	-----	-----
<b>Total expenses</b>	<b>(288)</b>	<b>(377)</b>
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<b>Loss for the year</b>	<b>(145)</b>	<b>(1,486)</b>
Other comprehensive income	-	-
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<b>Total comprehensive loss for the year attributable to the shareholders</b>	<b>(145)</b>	<b>(1,486)</b>
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<b>Loss per Ordinary Share – basic and diluted</b>	<b>(0.29)p</b>	<b>(2.97)p</b>

**STATEMENT OF FINANCIAL POSITION**  
as at 31 March 2012

	<i>31 March 2012</i>	<i>31 March 2011</i>
	<i>£'000</i>	<i>£'000</i>
<b>Non-current assets</b>		
Investments designated at fair value through profit or loss	-	187
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<b>Current assets</b>		
Other receivables	7	12
Cash and cash equivalents	621	1,652
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	628	1,664
	-----	-----
<b>Total assets</b>	<b>628</b>	<b>1,851</b>
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<b>Current liabilities</b>		
Payables and accruals	(76)	(76)
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<b>Net assets</b>	<b>552</b>	<b>1,775</b>
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<b>Capital and reserves attributable to equity holders of the Company</b>		
Share capital	500	500
Other reserve	2,293	2,293
Distributable reserves	(2,241)	(1,018)
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<b>Total equity shareholders' funds</b>	<b>552</b>	<b>1,775</b>
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<b>Net Asset Value per Ordinary Share - basic and diluted</b>	<b>1.10p</b>	<b>3.55p</b>

## STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2012

	<i>Share capital</i>	<i>Other reserve</i>	<i>Distributable reserves</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Balance at 31 March 2011</b>	500	2,293	(1,018)	1,775
Return of Capital	-	-	(1,078)	(1,078)
<i>Total comprehensive loss for the year</i>				
Loss for the year	-	-	(145)	(145)
Other comprehensive loss	-	-	-	-
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<b>Balance at 31 March 2012</b>	500	2,293	(2,241)	552
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for the year ended 31 March 2011

	<i>Share capital</i>	<i>Other reserve</i>	<i>Distributable reserves</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Balance at 31 March 2010</b>	500	2,293	3,468	6,261
Return of Capital	-	-	(3,000)	(3,000)
<i>Total comprehensive loss for the year</i>				
Loss for the year	-	-	(1,486)	(1,486)
Other comprehensive income	-	-	-	-
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<b>Balance at 31 March 2011</b>	500	2,293	(1,018)	1,775
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**STATEMENT OF CASH FLOWS**  
for the year ended 31 March 2012

	<i>Year ended</i> 31 March 2012 £'000	<i>Year ended</i> 31 March 2011 £'000
<b>Cash flows from operating activities</b>		
Other income received	2	3
Administration fees paid	(100)	(125)
Directors' remuneration paid	(96)	(136)
Audit fees paid	(14)	(23)
Other expenses paid	(73)	(126)
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<b>Net cash outflow from operating activities</b>	<b>(281)</b>	<b>(407)</b>
<b>Cash flows from investing activities</b>		
Sale of investments designated at fair value through profit or loss	-	3,847
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<b>Net cash inflow from investing activities</b>	<b>-</b>	<b>3,847</b>
<b>Cash flows from financing activities</b>		
Return of capital	(750)	(3,000)
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<b>Net cash outflow from investing activities</b>	<b>(750)</b>	<b>(3,000)</b>
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<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(1,031)</b>	<b>440</b>
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Cash and cash equivalents brought forward	1,652	1,212
(Decrease)/increase in cash and cash equivalents	(1,031)	440
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Cash and cash equivalents carried forward	<b>621</b>	<b>1,652</b>
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*The financial information set out in this announcement does not constitute the Company's statutory financial statements for the year ended 31 March 2012.*