

CHINA GROWTH OPPORTUNITIES LIMITED

UNAUDITED CONDENSED HALF-YEARLY REPORT AND FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

CHAIRMAN'S STATEMENT

I am pleased to have the opportunity to present the unaudited condensed half-yearly report and financial statements of China Growth Opportunities Limited (the "Company") for the six-month period ended 30 September 2013.

Results

The net asset value of the Company at 30 September 2013 was £77,000 (30 September 2012: £333,000, 31 March 2013: £200,000), equal to 0.11p per Ordinary Share (30 September 2012: 0.48p per Ordinary Share, 31 March 2013: 0.29p per Ordinary Share). The 61.5% decrease in net asset value from 31 March 2013 was due to the net loss for the period of £123,000 (30 September 2012: loss of £169,000, 31 March 2013: loss of £302,000).

Share Price

The share price dropped during the period by 3% from the 31 March 2013 price of 0.775p to 0.750p per Ordinary Share at 30 September 2013 and, at the period end, the Ordinary Shares traded at a significant premium of 582% to the net asset value.

Proposed Post Period End Changes

The corporate and strategic changes mentioned in the last Annual Report and Financial Statements, have not yet occurred. However, it is still the intention for a number of changes to be carried out before this financial year end. To commence the next phase of development of the Company, it is envisaged that there will be a proposal to change the name of the Company to Scarborough Oriental Ventures Limited. This will provide the platform for a further fundraising programme to enable the Company to pursue an active investing strategy in its chosen markets.

In addition, there will be changes to the Board, with new Directors to be confirmed. As part of these changes, I expect to step down as a Director soon after the date of signing this report.

Investing Policy

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.

Scarborough 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.

Investments

At 30 September 2013, the Company's only investment was an equity stake in Starlight Viewpoint Limited, which is part of Wan Wei and has been valued at nil (30 September 2012 and 31 March 2013: nil). It is highly unlikely that the Company will recover any value in Starlight Viewpoint Limited as Wan Wei has a history of bad debt problems and insufficient working capital to advance the business.

Outlook

As a Board we continue to adopt a cautious approach with our target fundraising and aim to make the proposed changes mentioned above in the coming weeks. We are hopeful that the Company will shortly be in a position to implement the investment strategy and start building a capital base with the intention of taking advantage of investment opportunities in China.

R Davies
22 November 2013

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing these unaudited condensed half-yearly financial statements, which have not been reviewed or audited by the Company's independent auditors, and are required to:

- prepare the unaudited half-yearly financial statements in accordance with International Accounting Standard 34: *Interim Financial Reporting*;
- include a fair review of important events that have occurred during the period, and their impact on the unaudited half-yearly financial statements, together with a description of the principal risks and uncertainties of the Company for the remaining six months of the financial year as detailed in the Chairman's Statement; and
- include a fair review of related party transactions that have taken place during the six month period which have had a material effect on the financial position or performance of the Company, together with disclosure of any changes in related party transactions in the last annual financial statements which have had a material effect on the financial position of the Company in the current period.

The Directors confirm that the unaudited condensed half-yearly financial statements comply with the above requirements.

On behalf of the Board

R Davies
Director
22 November 2013

CONDENSED HALF-YEARLY STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 September 2013

	1 April 2013 to Note 30 September 2013 (unaudited) £'000	1 April 2012 to 30 September 2012 (unaudited) £'000	1 April 2012 to 31 March 2013 (audited) £'000
Investment gains and losses			
Net unrealised change in fair value of investments	-	2,700	2,700
Loss from realisation of investments	-	(2,700)	(2,700)
	-----	-----	-----
Total investment gains and losses	-	-	-
Income			
Finance income	-	1	1
	-----	-----	-----
Total income	-	1	1
Expenses			
Administration fees	(50)	(50)	(100)
Directors' remuneration	(36)	(40)	(76)
Other expenses	(24)	(47)	(82)
Nominated adviser and broker's fees	(13)	(33)	(45)
	-----	-----	-----
Total expenses	(123)	(170)	(303)
	-----	-----	-----
Total comprehensive loss for the period/year	(123)	(169)	(302)
	-----	-----	-----
Loss per share – basic and diluted	6	(0.18)p	(0.45)p

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

The accompanying notes on pages 7 to 10 form an integral part of these unaudited condensed half-yearly financial statements.

These condensed half-yearly financial statements are unaudited and are not the Company's statutory financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION
as at 30 September 2013

	Note	30 September 2013 (unaudited) £'000	30 September 2012 (unaudited) £'000	31 March 2013 (audited) £'000
Non-current assets				
Investments designated at fair value through profit or loss		-	-	-
Current assets				
Other receivables		5	5	7
Cash and cash equivalents		134	389	271
		139	394	278
Total assets		139	394	278
Current liabilities				
Payables and accruals		(62)	(61)	(78)
Net assets		77	333	200
Capital and reserves attributable to equity holders of the Company				
Share capital	10	700	700	700
Other reserve		2,293	2,293	2,293
Distributable reserves		(2,916)	(2,660)	(2,793)
Total equity shareholders' funds		77	333	200
Net Asset Value per Ordinary Share – basic and diluted	9	0.11p	0.48p	0.29p

The accompanying notes on pages 7 to 10 form an integral part of these unaudited condensed half-yearly financial statements.

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CONDENSED HALF-YEARLY STATEMENT OF CHANGES IN EQUITY**for the six months ended 30 September 2013 (unaudited)**

	<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>
Balance at 31 March 2013	700	2,293	(2,793)	200
<i>Total comprehensive loss for the period</i>				
Loss for the period	-	-	(123)	(123)
Other comprehensive loss for the period	-	-	-	-
	-----	-----	-----	-----
Balance at 30 September 2013	700	2,293	(2,916)	77
	-----	-----	-----	-----

for the six months ended 30 September 2012 (unaudited)

	<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>
Balance at 31 March 2012	500	2,293	(2,241)	552
Share Capital Issued (<i>note 10</i>)	200	-	-	200
Return of Capital (<i>note 7</i>)	-	-	(250)	(250)
<i>Total comprehensive loss for the period</i>				
Loss for the period	-	-	(169)	(169)
Other comprehensive loss for the period	-	-	-	-
	-----	-----	-----	-----
Balance at 30 September 2012	700	2,293	(2,660)	333
	-----	-----	-----	-----

for the year ended 31 March 2013 (audited)

	<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>
Balance at 31 March 2012	500	2,293	(2,241)	552
Issue of Ordinary Shares (<i>note 10</i>)	200	-	-	200
Return of capital (<i>note 7</i>)	-	-	(250)	(250)
<i>Total comprehensive loss for the year</i>				
Loss for the year	-	-	(302)	(302)
Other comprehensive loss	-	-	-	-
	-----	-----	-----	-----
Balance at 31 March 2013	700	2,293	(2,793)	200
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The accompanying notes on pages 7 to 10 form an integral part of these unaudited condensed half-yearly financial statements.

These condensed half-yearly financial statements are unaudited and are not the Company's statutory financial statements.

CONDENSED HALF-YEARLY STATEMENT OF CASH FLOWS
for the six months ended 30 September 2013

	<i>1 April 2013 to 30 September 2013 (unaudited) £'000</i>	<i>1 April 2012 to 30 September 2012 (unaudited) £'000</i>	<i>1 April 2012 to 31 March 2013 (audited) £'000</i>
Cash flows from operating activities			
Finance income received	-	1	1
Administration fees paid	(50)	(50)	(100)
Directors' remuneration paid	(36)	(42)	(78)
Other expenses paid	(38)	(58)	(78)
Nominated adviser and broker's fees paid	(13)	(33)	(45)
	-----	-----	-----
Net cash outflow from operating activities	(137)	(182)	(300)
Cash flow from financing activities			
Issue of Ordinary Shares	-	200	200
Return of capital	-	(250)	(250)
	-----	-----	-----
Net cash outflow from financing activities	-	(50)	(50)
	-----	-----	-----
Decrease in cash and cash equivalents	(137)	(232)	(350)
	-----	-----	-----
Cash and cash equivalents brought forward	271	621	621
Decrease in cash and cash equivalents	(137)	(232)	(350)
	-----	-----	-----
Cash and cash equivalents carried forward	134	389	271
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The accompanying notes on pages 7 to 10 form an integral part of these unaudited condensed half-yearly financial statements.

These condensed half-yearly financial statements are unaudited and are not the Company's statutory financial statements.

NOTES TO THE CONDENSED HALF-YEARLY FINANCIAL STATEMENTS for the six months ended 30 September 2013

1. General Information

The Company is an authorised closed-ended investment company domiciled and incorporated as a limited liability company in Guernsey.

The registered office of the Company is 1st Floor, Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey, GY1 3JX.

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."

The Company's investment activities are self-managed.

The Company's Ordinary Shares are traded on AIM, a market operated by the London Stock Exchange.

2. Statement of Compliance

These unaudited condensed half-yearly financial statements, which have not been independently reviewed or audited, have been prepared in accordance with International Accounting Standard 34: *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements for the year ended 31 March 2013.

The unaudited condensed half-yearly financial statements were approved by the Board of Directors on 22 November 2013.

3. Significant Accounting Policies

These unaudited condensed half-yearly financial statements have adopted the same accounting policies as the last audited financial statements, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board, interpretations issued by the IFRS Interpretations Committee and applicable legal and regulatory requirements of Guernsey Law and reflect the accounting policies as disclosed in the Company's last audited financial statements, which have been adopted and applied consistently.

4. Critical Accounting Estimates and Judgements

The preparation of these unaudited condensed half-yearly financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

Fair value of financial instruments

The Company may, from time to time, hold financial investments that are not quoted in active markets. Fair values of such investments are determined using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by the Board of Directors.

Functional currency

The Board of Directors considers Sterling to be the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions.

NOTES TO THE CONDENSED HALF-YEARLY FINANCIAL STATEMENTS (continued)
for the six months ended 30 September 2013

5. Segmental Information

In accordance with International Financial Reporting Standard 8: *Operating Segments*, it is mandatory for the Company to present and disclose segmental information based on the internal reports that are regularly reviewed by the Board in order to assess each segment's performance and to allocate resources to them.

Management information for the Company as a whole is provided internally to the Directors for decision-making purposes. The Directors' asset allocation decisions are based on a single, integrated investment strategy and the Company's performance is evaluated on an overall basis, being investment in a portfolio of companies whose business operations are focused in China.

The internal reporting provided to the Board for the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of IFRS.

There were no changes in the reportable segments during the period from 1 April 2013 to 30 September 2013.

There was no revenue generated by the Company during the period ((30 September 2012: bank interest of £1,000; 31 March 2013: bank interest of £1,000) arising from cash and cash equivalents, which was generated in Guernsey). The Company is domiciled in Guernsey.

6. Loss per Ordinary Share - basic and diluted

The loss per Ordinary Share is based on the loss for the period of £123,000 (30 September 2012: loss of £169,000; 31 March 2013: loss of £302,000) and on a weighted average number of 70,000,709 Ordinary Shares in issue during the period (30 September 2012: 63,552,084 Ordinary Shares and 31 March 2013: 66,767,563 Ordinary Shares).

Following an Extraordinary General Meeting held on 28 May 2012, 44,999,992 Warrants were issued to qualifying shareholders on 29 May 2012. The average price, of the Ordinary Shares of 0.80 pence during the period was less than the exercise price of the Warrants (5.00 pence). Therefore, there was no dilution in the return per Ordinary Share.

7. Dividends and Return of Capital

The Directors do not propose an interim dividend for the period ended 30 September 2013 (30 September 2012 and 31 March 2013: nil).

During the period ended 30 September 2013, the Board did not return any capital to shareholders of the Company (30 September 2012: £250,000, 31 March 2013: £250,000).

Any further returns of capital will be at the sole discretion of the Board and will be subject to the rate at which the Company's investments are realised and the Company's financial position at the time.

8. Tax effects of other comprehensive income

During the periods ended 30 September 2013, 30 September 2012 and 31 March 2013 there was no other comprehensive income disclosed in the statement of comprehensive income and, as a result, there were no tax effects arising thereon.

9. Net Asset Value per Ordinary Share

Basic

The basic net asset value per Ordinary Share is based on the net assets attributable to equity shareholders of £77,000 (30 September 2012: £333,000; 31 March 2013: £200,000) and on 70,000,709 Ordinary Shares in issue at the end of the period (30 September 2012 and 31 March 2013: 70,000,709 Ordinary Shares).

NOTES TO THE CONDENSED HALF-YEARLY FINANCIAL STATEMENTS (continued)
for the six months ended 30 September 2013

9. Net Asset Value per Ordinary Share (continued)*Diluted*

The 30 September 2013 mid-price of the Ordinary Shares of 0.75 pence (30 September 2012: 0.50 pence; 31 March 2013: 0.775 pence) was below the exercise price of the 44,999,992 Warrants (exercise price of 5.00 pence). Therefore, as at 30 September 2013, 30 September 2012 and 31 March 2013 the Subscription Warrants had no dilutive effect.

There were no other securities in issue at 30 September 2013, 30 September 2012 or 31 March 2013 which could or had a dilutive effect on the Company's Ordinary Shares.

10. Share Capital

	30 September 2013	30 September 2012	31 March 2013
	£'000	£'000	£'000
<i>Authorised:</i>			
200,000,000 Ordinary Shares of 1p	2,000	2,000	2,000
	-----	-----	-----
<i>Allotted, called up and fully paid:</i>			
70,000,000 Ordinary Shares of 1p	700	700	700
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Following an Extraordinary General Meeting held on 28 May 2012, a resolution was passed by the shareholders enabling the Company to raise £200,000 (before expenses) through the issue of 20,000,000 Ordinary Shares to Scarborough at 1.0 pence per Ordinary Share, which represented a discount of 9.1% to the estimated net asset value per Existing Ordinary Share at 31 March 2012. The New Ordinary Shares represented 28.57% of the Company's enlarged issued Ordinary Share capital immediately following admission to trading on AIM on 29 May 2012. The New Ordinary Shares rank pari passu with the Ordinary Shares.

On 29 May 2012, the Company issued Subscription Warrants to Scarborough on the basis of one Subscription Warrant for each New Ordinary Share. Accordingly, following admission Scarborough held 20,000,000 Ordinary Shares and 20,000,000 Subscription Warrants.

On 29 May 2012, the Company issued 24,999,992 Bonus Issue Warrants to shareholders on the basis of one Bonus Issue Warrant for every two Existing Ordinary Shares. The terms of the Subscription Warrants and Bonus Issue Warrants are the same.

Each Warrant entitles the warrant-holder to subscribe for one Ordinary Share in cash at any time from 29 May 2012 to 29 May 2015 at a price of 5.0 pence per Ordinary Share. The Warrants have not been admitted to listing or trading on any stock exchange.

On 16 August 2012, the Company received notice to exercise 709 Warrants at an exercise price of 5.0 pence each. Following the Warrant exercise (and at the date of this report), 70,000,709 Ordinary Shares and 44,999,283 Warrants were in issue.

Pursuant to the authority renewed at the last Annual General Meeting, the Company has authority to utilise distributable reserves to buy back up to 14.99% of the Ordinary Shares in issue for cancellation. No shares were purchased for cancellation during the period (30 September 2012 and 31 March 2013: nil).

The Company is able to purchase up to 10% of the Ordinary Shares in issue and hold them as Treasury Shares.

11. Related Parties

Mr Davies holds 50% of Damille Partners II, which held 5,100,000 Ordinary Shares (7.29%) at 30 September 2012 and the date of signing this report. In addition, Mr Davies holds 50% of Damille Partners Limited which held 8,651,920 Ordinary Shares (12.36%) at 30 September 2012 and the date of signing this report.

NOTES TO THE CONDENSED HALF-YEARLY FINANCIAL STATEMENTS (continued)
for the six months ended 30 September 2013

11. Related Parties (continued)

Mr McCabe holds 100% of Scarborough Holding Company Limited, which held 20,000,000 Ordinary Shares (28.57%) at 30 September 2013 and the date of signing this report.

The Directors consider that there is no immediate or ultimate controlling party.

12. Events after the financial reporting date

There were no material events after the financial reporting date that required disclosure as at 14 November 2013.

13. Capital management policy and procedures

The Company's capital management objectives are to ensure that the Company will be able to continue as a going concern in order to maximise total return for shareholders and to maintain an optimal capital structure to minimise the cost of capital.

The Company's borrowing policy, which is part of its Investing Policy, is that borrowing may be undertaken at the SPV level and investments may initially be highly geared.

The Board monitors and reviews the structure of the Company's capital on an ad hoc basis. This review includes:

- The need to obtain funds for new investments, as and when they arise.
- The current and future levels of gearing.
- The need to buy back Ordinary Shares for cancellation or to be held in treasury, which takes account of the difference between the net asset value per Ordinary Share and the Ordinary Share price.
- The current and future dividend policy; and
- The current and future return of capital policy.

The Company is not subject to any externally imposed capital requirements.

DIRECTORS

Rhys Davies (*Executive Chairman*)

Kevin McCabe (*Executive Director*)

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An authorised closed-ended investment company, incorporated under
the Companies (Guernsey) Law, 2008 (as amended)
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