

CHINA GROWTH OPPORTUNITIES LIMITED

**UNAUDITED CONDENSED HALF-YEARLY REPORT AND
FINANCIAL STATEMENTS**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010

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 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 US\$10,000. 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 2011. 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.

Respectfully yours
R Davies
7 December 2010

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
7 December 2010

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

	<i>Note</i>	<i>1 April 2010 to 30 September 2010 (unaudited) £'000</i>	<i>1 April 2009 to 30 September 2009 (unaudited) £'000</i>	<i>1 April 2009 to 31 March 2010 (audited) £'000</i>
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 and diluted	<i>6</i>	(1.11)p	(4.27)p	(18.52)p

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

The accompanying notes on pages 7 to 9 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 2010

	<i>Note</i>	<i>30 September 2010</i> <i>(unaudited)</i> £'000	<i>30 September 2009</i> <i>(unaudited)</i> £'000	<i>31 March 2010</i> <i>(audited)</i> £'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	<i>10</i>	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	<i>9</i>	11.41p	28.77p	12.52p

The accompanying notes on pages 7 to 9 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 CHANGES IN EQUITY
for the six months ended 30 September 2010 (unaudited)

	<i>Share capital</i>	<i>Other reserve</i>	<i>Distributable reserves</i>	<i>Foreign exchange translation reserve</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Balance at 31 March 2010	500	2,293	3,468	-	6,261
<i>Total comprehensive loss for the period</i>					
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)

	<i>Share capital</i>	<i>Other reserve</i>	<i>Distributable reserves</i>	<i>Foreign exchange translation reserve</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Balance at 31 March 2009	500	2,293	22,727	2	25,522
Return of Capital (note 7)	-	-	(9,000)	-	(9,000)
<i>Total comprehensive loss for the period</i>					
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)

	<i>Share capital</i>	<i>Other reserve</i>	<i>Distributable reserves</i>	<i>Foreign exchange translation reserve</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Balance at 31 March 2009	500	2,293	22,727	2	25,522
Return of Capital (note 7)	-	-	(10,000)	-	(10,000)
<i>Total comprehensive loss for the year</i>					
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

The accompanying notes on pages 7 to 9 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 2010

	<i>1 April 2010 to 30 September 2010 (unaudited) £'000</i>	<i>1 April 2009 to 30 September 2009 (unaudited) £'000</i>	<i>1 April 2009 to 31 March 2010 (audited) £'000</i>
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)
	-----	-----	-----
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)
	-----	-----	-----
Cash and cash equivalents carried forward	1,057	1,875	1,212
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The accompanying notes on pages 7 to 9 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 2010

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 No 1. Le Truchot, St Peter Port, Guernsey, GY1 3JX.

The Company's Investing Policy is to manage the sale of the Company's investment portfolio and to maximise the return of invested capital to shareholders in the period ending on 30 September 2011. The Company's investment activities are self-managed.

The Company's Ordinary Shares and Warrants 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 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 2010.

The unaudited condensed half-yearly financial statements were approved by the Board of Directors on 7 December 2010.

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, 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.

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.

5. Segmental Information (continued)

There were no changes in the reportable segments during the period from 1 April 2010 to 30 September 2010.

All of the Company's investment portfolio income is derived from its investments whose business focus is in China. The only other revenue generated by the Company during the period was interest of £1,000 (30 September 2009: £6,000; 31 March 2010: £7,000), 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 of is based on the loss for the period of £555,000 (30 September 2009: loss of £2,136,000; 31 March 2010: loss of £9,259,000) and on a weighted average number of 50 million Ordinary Shares in issue during the period (30 September 2009 and 31 March 2010: 50 million Ordinary Shares).

The average price, of 13.87p (30 September 2009: 14.25p; 31 March 2010: 15.99p), of the Ordinary Shares during the period was less than the exercise price of the Warrants (120.00p). 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 2010 (30 September 2009 and 31 March 2010: nil).

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 Company did not return capital to shareholders during the period ended 30 September 2010. During the year ended 31 March 2010, the Board returned a total of £10 million (20.00p per Ordinary Share) to shareholders, 18.00p per Ordinary Share on 15 July 2009 and 2.00p per Ordinary Share on 5 October 2009. 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 period ended 30 September 2010 there was no other comprehensive income disclosed in the condensed half-yearly statement of comprehensive income and as a result there are no tax effects arising thereon. In the period/year ended 30 September 2009 and 31 March 2010 respectively there were other comprehensive losses, as shown on the statement of comprehensive income, however these losses did not give rise to any tax consequences.

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 £5,706,000 (30 September 2009: £14,385,000; 31 March 2010: £6,261,000) and on 50 million Ordinary Shares in issue at the end of the period (30 September 2009 and 31 March 2010: 50 million Ordinary Shares).

Diluted

The 30 September 2010 price of the Ordinary Shares of 11.00p (30 September 2009: 21.50p; 31 March 2010: 15.50p) was below the exercise price of the Warrants (exercise price of 120.00p). Therefore, as at 30 September 2010, 30 September 2009 and 31 March 2010 the Warrants had no dilutive effect. The subscription period for the Warrants ends on 31 March 2011.

10. Share Capital

	<i>30 September 2010</i>	<i>30 September 2009</i>	<i>31 March 2010</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Authorised:</i>			
200,000,000 Ordinary Shares of 1p	2,000	2,000	2,000
	-----	-----	-----
<i>Allotted, called up and fully paid:</i>			
50,000,000 Ordinary Shares of 1p	500	500	500
	-----	-----	-----

10. Share Capital (continued)

All the Ordinary Shares and Warrants were admitted to trading on AIM, a market operated by the London Stock Exchange, on 15 March 2006.

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 2009 and 31 March 2010: nil).

The Company is able to purchase up to 10% of the Ordinary Shares in issue and hold them as Treasury Shares. During the period no shares were purchased to be held as Treasury Shares (30 September 2009 and 31 March 2010: nil).

11. Related Parties

During the period ended 30 September 2010, £63,000 (30 September 2009: £108,000; 31 March 2010: £170,000) was paid to Elysium Fund Management Limited (“Elysium”), the Company’s Administrator and Company Secretary. At 30 September 2010, £31,000 (30 September 2009: nil, 31 March 2010: £31,000) was owed to Elysium.

Damille Partners II, which holds 5,100,000 Ordinary Shares in the Company, received £1,020,000 from the Return of Capital Scheme implemented during the year ended 31 March 2010. Mr Davies and Mr Miller each own 50% of Damille Partners II and have no other holdings in the Company.

During the year ended 31 March 2010, £220,000 was paid to the London Asia Group, £120,000 of which was under terms of the Asset Divestment Support Agreement with London Asia Capital (S) Pte Limited, which was terminated on 31 October 2009. There was no cost to the Company of the termination of the Asset Divestment Support Agreement. The remaining £100,000 was paid to the London Asia Group under the Termination Agreement upon publication of the 31 March 2009 financial statements. At 30 September 2010, £20,000, in respect of Investment Consultancy fees due under the Asset Divestment Support Agreement, was outstanding between the Company and the London Asia Group (30 September 2009: nil; 31 March 2010: £20,000) .

At 31 March 2009, shares in United Envirotech Limited were held in trust by the Company’s wholly owned subsidiary World Water Private Limited. During the year ended 31 March 2010 these shares were transferred to the Custodian and subsequently sold.

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

12. Events after the financial reporting date

Following the period end, the Company sold 257,500 shares in China CDM Exchange Centre Limited for a total of £14,500.

There were no further material events after the financial reporting date that require disclosure as at 7 December 2010.

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, for investment or short-term funding purposes, is that it should borrow no more than 10% of the net asset value, calculated at the time of borrowing.

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

- 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.

INVESTING POLICY

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.

DIRECTORS

Rhys Davies (*Executive Chairman*)

Brett Miller (*Executive Director*)

Weiming Zhang (*Non-Executive Director*)

ADVISERS

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