

CHINA GROWTH OPPORTUNITIES LIMITED

RESULTS FOR THE YEAR ENDED 31 MARCH 2009

KEY POINTS

- Extraordinary General Meeting held on 23 January 2009, at which:
 - the Investment Objective was changed;
 - three of the previous Directors were removed from office; and
 - Rhys Davies and Brett Miller were appointed as Non-Executive Directors.
- Richard Battey resigned as a Non-Executive Director on 23 January 2009 and Weiming Zhang was appointed after the year end as a Non-Executive Director.
- Change of name of the Company from London Asia Chinese Private Equity Fund Limited to China Growth Opportunities Limited.
- Termination of Investment Support agreement with London Asia Capital (S) Pte Limited (“LACS”) and new Asset Divestment Support Agreement entered into with LACS.
- Net assets at 31 March 2009 of £25.5 million (2008: £71.7 million).
- Net assets per share at 31 March 2009 of 51.04 pence (2008: 143.32 pence).
- Sale of holdings in Asia Clean Energy, Asia Wind, China Biofoods, Hainan Zhengye Zhongnong during the year ended 31 March 2009 for £5.4 million.
- Post year end sales of the Group’s entire holdings in United Envirotech and Asia Water Technology for £3.5 million.
- Extraordinary General Meeting held on 6 July 2009 at which shareholders approved the Return of Capital Scheme and amended the Articles to permit future returns of capital. The Board intends to make an initial return of capital of 18 pence per Ordinary Share (equivalent to £9.0 million) on 15 July 2009.

For further information please visit www.chinagrowthopportunities.com or contact:

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CHAIRMAN’S STATEMENT

I am pleased to have the opportunity to present the annual results of China Growth Opportunities Limited (the “Company”) and its subsidiary (together the “Group”) for the year ended 31 March 2009.

Results

The year ended 31 March 2009 proved to be difficult for the Group. It was not possible to achieve profits on the sale of certain of the Group’s investments and the fair values of the remaining investments held have significantly reduced. Thus, the Group showed a net loss for the year ended 31 March 2009 of £46.1 million (2008: profit £5.1 million), representing a loss per Ordinary Share of 92.28 pence (2008: earnings of 10.28 pence). The net asset value at 31 March 2009 was £25.5 million (2008: £71.7 million), equal to 51.04 pence per Ordinary Share (2008: 143.32 pence per Ordinary Share).

Directorate Changes

On 23 January 2009, ordinary resolutions were passed at an Extraordinary General Meeting removing Mr Leighton, Mr Huntley and Mr Ng from office. Mr Battey resigned as a Director on 23 January 2009 at the conclusion of the Extraordinary General Meeting.

I was appointed to the Board at the Extraordinary General Meeting, together with Mr Miller (both as Non-Executive Directors), and on 9 April 2009 Dr Zhang was appointed as a Non-Executive Director. Dr Zhang has over fifteen years of investment banking experience in Asia, with a focus on China, and we feel that her appointment will greatly enhance our ability to deliver value for shareholders and that she will be an outstanding addition to the Board.

The immediate tasks which Mr Miller and I undertook upon appointment were to ensure that all of the Group’s bank accounts were under the control of the Administrator and to appoint a new custodian to look after the Group’s investments. I am pleased to report, that despite initial difficulties, these matters have now been dealt with to our satisfaction.

Investment Objective

At the Extraordinary General Meeting an ordinary resolution was passed changing the Investment Objective of the Group from being “to provide shareholders with capital growth from investing in a portfolio of companies whose business operations are based in China” to “to manage the sale of the Group’s investment portfolio and to maximise the return of invested capital to shareholders during the period ending on 30 September 2010.”

Accordingly, we are no longer investing funds to provide shareholders with capital growth, but are seeking to divest all investments held and maximise the return of funds to shareholders by 30 September 2010.

Investment Support Agreement

The other task which Mr Miller and I accorded urgent priority to was to renegotiate the investment support arrangements with London Asia Capital plc (“London Asia”) so as to re-align their interests with shareholders in the implementation of the Group’s new Investment Objective. On 25 March 2009, the Company entered into an agreement (the “Termination Agreement”) with London Asia and London Asia Capital (S) Pte Limited (“LACS”) to terminate the Investment Support Agreement dated 7 March 2006 (the “Investment Support Agreement”) and also entered into a new Asset Divestment Support Agreement with LACS.

Under the Termination Agreement, the Company agreed to pay £350,000 to London Asia by 31 March 2009. In addition, a further sum of £100,000 is payable upon the publication of the financial statements. These payments were in full and final settlement of all sums owing or due to either party and any duties owed by any party to the other. At 31 December 2008, £5,073,000 was due to LACS in respect of management fees, performance fees, introductory fees and other creditors. This liability was settled in full by the payments made under the Termination Agreement, effectively adding back £4,573,000 (9.15 pence per Ordinary Share) to the net asset value of the Company.

Under the Asset Divestment Support Agreement, LACS provides the same investment support services to the Group as were provided under the Investment Support Agreement, for a fixed fee of £20,000 per month. The new Asset Divestment Support Agreement is terminable on a month’s notice by either party, such notice to expire after 30 September 2009.

Change of Company Name

On 27 October 2008, at the Annual General Meeting, the name of the Company was changed from London Asia Chinese Private Equity Fund Limited to “China Growth Opportunities Limited”.

Investments

Since our appointment, we have carefully reviewed all aspects of the Group, including the fair values of the investments. Due to the significant fall in world equity markets during the year, the lack of access to further financing and the difficult trading conditions faced by the Group’s investee companies, many of the Group’s investments suffered losses or significantly reduced profits. A number of Western investors previously active in the Chinese private equity market have withdrawn or altered strategy, increasing assets available for sale and reducing the investor pool. There has been an increase in the level of funding available from onshore Chinese investors, but this is harder to attract to a portfolio such as the Group’s which is largely structured offshore, and these investors are demanding considerably lower valuations than were previously being achieved from non Chinese investors. Therefore, the fair values of the Group’s investments have decreased significantly.

At 31 March 2009, the Group held nine investments, which cost £32.8 million and had a fair value of £17.4 million (2008: £72.3 million), an unrealised loss of 47% on cost (2008: an unrealised gain of 63% on cost). Two of the investments held at the year end (22% of the investments by fair value) have been determined using market price; being traded on an active and liquid market. The values of the Group’s other investments have been determined according to the most appropriate valuation methodology.

During the year, the Group realised its holdings in four investments (Asia Clean Energy, Asia Wind, China Biofoods and Hainan Zhengye Zhongnong) for an aggregate cash consideration of £5.4 million and at a book-loss of £6.2 million. Since the year end, the Group realised a loss from the sale of its entire holdings in United Envirotech and Asia Water Technology for a total of £3.5 million (net of dealing costs).

Since our appointment on 23 January 2009, Mr Miller and I have visited a number of investee companies and we plan further portfolio visits later in the year, in the interests of maximising the return of funds to shareholders.

Return of Capital

Following the recent sales of investments and discussions with shareholders, the Board proposed the return of capital to shareholders. At an Extraordinary General Meeting held on 6 July 2009, shareholders approved the Return of Capital Scheme and amended the Articles to permit future returns of capital. The Board intends to make an initial return of capital of 18 pence per Ordinary Share (equivalent to £9.0 million) on 15 July 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 Group’s investments are realised and the Group’s financial position at the time.

The Group's cash balances amounted to £10.3 million as at 30 June 2009.

Share Price

The price of the Company's Ordinary Shares, which had fallen 87% in the year from 96.0 pence at 31 March 2008 to 12.5 pence at 31 March 2009, has since risen by 184% to 35.5 pence at 30 June 2009. On 8 December 2008, being the date that Damille Partners II (representing the interests of Mr Miller and myself) requisitioned the Extraordinary General Meeting, the Company's share price was 12.5 pence.

On 6 July 2009, being the date of the Extraordinary General Meeting which approved the Return of Capital Scheme, the Company's shares began trading ex the entitlement to the initial return of capital of 18 pence per share.

Outlook

The Board is optimistic that we will achieve the new Investment Objective within the time frame outlined. We will strive to obtain the best possible value for the investments that we currently hold, in order to maximise the return of funds to shareholders.

R Davies
8 July 2009

The financial information set out in this announcement does not constitute the Group's statutory financial statements for the year-ended 31 March 2009.

CONSOLIDATED INCOME STATEMENT for the year ended 31 March 2009

	<i>Year ended 31 March 2009 £'000</i>	<i>Year ended 31 March 2008 £'000</i>
Investment gains and losses		
Net unrealised change in fair value of investments	(43,339)	5,521
Realised (loss)/gain from sale of investments	(6,197)	1,701
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Total investment (loss)/gain	(49,536)	7,222
Income		
Other income	292	1,098
	-----	-----
Total income	292	1,098
Expenses		
Investment Consultant's fee	653	(1,376)
Performance fee	3,024	(1,285)
Introductory fees	-	(86)
Administration fees	(145)	(150)
Directors' remuneration	(95)	(51)
Audit fees	(85)	(87)
EGM expenses	(104)	-
Other expenses	(146)	(146)
	-----	-----
Total expenses	3,102	(3,181)
	-----	-----
(Loss)/profit for the year	(46,142)	5,139
	-----	-----
(Loss)/earnings per Ordinary Share – basic and fully-diluted	(92.28)p	10.28p

CONSOLIDATED BALANCE SHEET
as at 31 March 2009

	31 March 2009 £'000	31 March 2008 £'000
Non-current assets		
Investments at fair value through profit or loss	17,412	72,319
	-----	-----
Current assets		
Other receivables	3,393	513
Cash and cash equivalents	4,930	3,402
	-----	-----
	8,323	3,915
	-----	-----
Total assets	25,735	76,234
	-----	-----
Current liabilities		
Payables and accruals	(213)	(4,572)
	-----	-----
Net assets	25,522	71,662
	-----	-----
 Capital and reserves attributable to equity holders of the Company		
Share capital	500	500
Other reserve	2,293	2,293
Foreign exchange translation reserve	2	-
Distributable reserves	22,727	68,869
	-----	-----
Total equity shareholders' funds	25,522	71,662
	-----	-----
 Net Asset Value per Ordinary Share - basic and fully diluted	51.04p	143.32p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
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
Loss for the year	-	-	(46,142)	-	(46,142)
Foreign exchange movement	-	-	-	2	2
	-----	-----	-----	-----	-----
Balance at 31 March 2009	500	2,293	22,727	2	25,522
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for the year ended 31 March 2008

	Share capital £'000	Other reserve £'000	Distributable reserves £'000	Foreign exchange translation reserve £'000	Total £'000
Balance at 31 March 2007	500	2,293	63,730	-	66,523
Profit for the year	-	-	5,139	-	5,139
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Balance at 31 March 2008	500	2,293	68,869	-	71,662
	-----	-----	-----	-----	-----

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2009

	<i>Year ended</i> 31 March 2009	<i>Year ended</i> 31 March 2008
	£'000	£'000
Cash flows from operating activities		
Other income received	602	626
Performance fee paid	-	(1,606)
Investment Consultant's fees paid	(350)	(557)
Introductory fees paid	-	(141)
Administration fees paid	(170)	(125)
Directors' remuneration paid	(95)	(70)
Audit fees paid	(74)	(65)
EGM expenses paid	(104)	-
Other expenses paid	(134)	(133)
	-----	-----
Net cash outflow from operating activities	(325)	(2,071)
Cash flows from investing activities		
Purchase of fair value through profit or loss investments	(334)	(10,466)
Sale of fair value through profit or loss investments	2,000	3,276
Repayment of loan to investee company	-	333
	-----	-----
Net cash inflow/(outflow) from investing activities	1,666	(6,857)
	-----	-----
Increase/(decrease) in cash and cash equivalents	1,341	(8,928)
	-----	-----
Cash and cash equivalents brought forward	3,402	12,321
Increase/(decrease) in cash and cash equivalents	1,341	(8,928)
Foreign exchange movement	187	9
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Cash and cash equivalents carried forward	4,930	3,402
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INVESTMENT PORTFOLIO
as at 31 March 2009

<i>Company</i>	<i>Activity/Sector</i>	<i>Listing</i>	<i>Country of incorporation</i>	<i>Fair value</i>	
				<i>2009</i>	<i>2008</i>
				£'000	£'000
Asia Water Technology	Water	Catalist Singapore	Singapore	1,675	6,325
China CDM Exchange Centre	Carbon credit brokerage	PLUS	Jersey	884	9,885
China Metal Packaging Group Company	Consumer	Not quoted	BVI	9,440	7,058
China New Energy	Clean technology	PLUS - <i>delisted</i>	Jersey	698	12,603
China Real Estate Services	Property services	Not quoted	China	10	4,866
China Solar Energy Company	Clean technology	Not quoted	Jersey	-	3,011
Dalian Business Institute	Education	PLUS - <i>suspended</i>	Jersey	-	3,193
United Envirotech	Water	Mainboard Singapore	Singapore	1,935	3,366
Wan Wei Oil & Gas Technology Group	Energy	Not quoted	BVI	2,770	9,498
				-----	-----
				17,412	59,805
				-----	-----
Investments sold in the year ended 31 March 2009					12,514

					72,319

Details of the above investments are available at www.chinagrowthopportunities.com.

Asia Water Technology Limited (“AWT”)

AWT is listed on Singapore’s Catalist Stock Market. AWT is a water treatment specialist, providing water purification and wastewater treatment systems and other auxiliary and consultancy services.

The Company sold all of its investment in AWT in May, June and July 2009 for S\$3.3 million (£1.4 million).

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 April 2009, CCEC announced annual profits of RMB56 million (£5.6 million) for the year ended 31 December 2008.

China Metal Packaging Group Company Limited (“CMPG”)

CMPG is a leading manufacturer of aluminium easy-to-open can-lids, pull-tab ends, caps, closures and other metal packaging products. In 2008, CMPG successfully acquired one of its major competitors, Lam Soon packaging division, and became the largest “easy open end” manufacturer in China, with a market share of over 50%.

China New Energy Limited (“CNE”)

CNE, a Jersey incorporated holding company, is an investment company focusing on the bio-fuels sector. It supplies turnkey bio-fuel production solutions in the Chinese market.

The company listed on PLUS in December 2006, and raised follow on financing in July 2007. In June 2008, its shares were suspended from trading on PLUS following its failure to file its accounts for the year ended 31 December 2007 within the timescale required by PLUS. The company announced details of a refinancing agreement in October 2008. On 2 January 2009 the company announced its intention to withdraw from PLUS. CNE has still not filed its accounts for 2007 and the Company has defaulted on the repayment of its bondholders after reaching a new financing agreement with them in October 2008.

China Real Estate Services Limited (“CRES”)

CRES, established in 1997, is a real estate consultancy and leasing company in Beijing. Following a very difficult 2008 and start to 2009, there is considerable uncertainty as to the continuing survival of CRES.

China Solar Energy Company Limited (“China Solar”)

China Solar, a Jersey incorporated company, is involved in the design and construction of solar energy and energy efficient buildings in China using its own patented solar thermal technology. China Solar’s core product is a patented heat-collecting all glass vacuum tube.

China Solar has entered into a legal dispute with one of its customers for a £3 million unpaid trade debt. At the year end this dispute had not been resolved. This has impacted severely on the operations of the company.

Dalian Business Institute Limited (“DBI”)

DBI is a Chinese education business based in Dalian, Liaoning Province, China.

In February 2009 the shares of DBI were suspended from trading on PLUS following its failure to file its accounts to 31 July 2008. DBI attempted to de-list from PLUS in February 2009 however, following an objection from the Company, DBI has been prevented from de-listing.

As the shares remain suspended on PLUS and DBI has still not filed its 31 July 2008 accounts, as well as the issues detailed above, DBI has been valued at nil as at 31 March 2009.

United Envirotech Limited (“UE”)

UE is listed on the main board of the Singapore Stock Exchange. UE is an environmental solution provider focusing on industrial water and wastewater treatment.

At 31 March 2009, the Company had a 12.51% holding in UE, however in May and June 2009, the Group sold its entire shareholding in UE for £2.0 million (net of dealing costs).

Wan Wei Oil and Gas Technology Group (“Wan Wei”)

Wan Wei is a Chinese provider of oil drilling technology. With more than seven years of experience, the company delivers high quality products and services with tooling facilities for producing and assembling specialized ultra short radius (“USR”) horizontal well drilling tools and devices. It is led by an experienced and highly skilled management team and holds five patents in the fields of USR horizontal well drilling and oil well rejuvenation technology as well as related special tools.

In accordance with the decline in the world oil markets, the demand for the drilling service provided by Wan Wei decreased during the year ended 28 February 2009.