



**UNAUDITED INTERIM REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 OCTOBER 2010 TO 31 MARCH 2011**

VISION OPPORTUNITY CHINA FUND LIMITED

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VISION OPPORTUNITY CHINA FUND LIMITED

CHAIRMAN'S STATEMENT

Period ended 31 March 2011

The half-year period ending 31 March 2011 has been an extremely difficult one for the Company and, while this has certainly been a challenging time for US-listed Chinese companies generally (especially smaller ones), VOC's portfolio has been particularly affected. In recent months, there have been a number of reports, some by anonymous short-sellers, looking to expose frauds among US-listed Chinese companies and, indeed, a number of these reports have successfully uncovered several significant instances of misrepresentation, self-dealing and outright fabrication of financial results.

One of VOC's major holdings, China Integrated Energy (CBEH), was accused, among other things, of having falsely reported the level of sales of its biodiesel products. As will be discussed in the Investment Manager's statement, in response to the allegations, the Investment Manager launched its own investigation and, though CBEH publicly denied the charges, VCA was unable to restore its prior confidence in the investment. As a result, the Investment Manager made the decision to sell. Having invested a total of US\$14.7 million over the life of the fund, the Investment Manager was able to sell substantially all of the Company's holding in CBEH before trading in the CBEH shares was halted by NASDAQ on 20 April 2011, realising US\$12.0 million in total (US\$5.1 million during the six months ending 31 March 2011 and US\$1.8 million in April). The Board decided to write down the value of the Company's remaining investment (valued at US\$0.9 million at the time trading in CBEH shares was halted) to zero with effect from 30 April 2011. We took this decision having considered the allegations against CBEH, the resignations of the special advisers appointed by CBEH to investigate those allegations and the resignation of CBEH's auditor, KPMG, whose resignation statement advised that CBEH's financial statements and audit reports for the financial year ended 31 December 2010 should no longer be relied upon. Taking into account the original cost of the entire CBEH holding and the write down of the value of the remaining holding, the Company sustained a loss of 17.9% on this investment.

Whilst the smaller US Chinese listed companies appear extremely cheap relative to their US counterparts, this reflects the market's sentiments towards these companies and there are no signs of the market's confidence being restored in the short to medium term.

Performance

As at 31 March 2011, the Company had net assets of US\$74.3 million which equates to a NAV per share of US\$1.138, a decrease of 45.9% since 30 September 2010 (net asset value of US\$2.105 per share). This performance is very disappointing and only partly driven by the collapse of CBEH. Certainly, the concentrated nature of the portfolio was a contributing factor. Liquidity of the major portfolio company shares remained thin during this difficult period, and as such sales of all or substantial parts of the Company's larger holdings in the short term are likely to be value destructive.

Investment Strategy

As at 31 March 2011, the Company had built up cash and near cash of US\$11.5 million through a series of realisations. Further realisations have been achieved since the period end and cash and near cash (as at 20 May 2011) stands at US\$23.4 million. In view of the Company's more recent performance, the uncertain outlook for smaller US-listed Chinese companies and shareholder feedback, the Board is recommending that the Company should not make any new investments, seek to realise its remaining investments in an orderly fashion and return surplus cash to shareholders from time to time. This will constitute a material change to the Company's investment policy and, as such, requires to be approved by shareholders (in the form of an ordinary resolution). The Board will convene an extraordinary general meeting to seek such approval as soon as practicable (and, in the meantime, no further investments will be made by the Company).

The Investment Manager is currently entitled to 12 months' notice of termination of its appointment. However, in view of the proposed change to the Company's investment policy referred to above, protective notice has been agreed with the Investment Manager and will expire on 31 March 2012, or as such later date as the Board may deem appropriate.

Conclusion

The Board shares shareholders' disappointment and frustration at the reversal in VOC's fortunes. As a Board, our goal is now to seek to achieve an appropriate balance between maximising value for shareholders from our remaining investments and the timely return of capital to shareholders.

Christopher Fish
Chairman
Vision Opportunity China Fund Limited
Date: 23 May 2011

VISION OPPORTUNITY CHINA FUND LIMITED

INVESTMENT MANAGER'S REPORT

Period ended 31 March 2011

Portfolio Review

The Company had net assets of US\$74.31 million as at 31 March 2011 (US\$1.138 per share), including investments in 12 portfolio companies and US\$11.9 million in cash and other short term holdings. This represents a decline from the levels on 30 September 2010, when the Company had net assets of US\$139.31 million (US\$2.105 per share). The portfolio remains highly concentrated with the top 5 holdings accounting for 90.6% of the portfolio at the end of the period.

Performance

The first six months of FY2011 have been understandably disappointing for shareholders. Without a doubt, the allegations of widespread fraud among US-listed Chinese companies have placed unprecedented pressure on the sector. In the current environment, portfolio company share prices have been deeply affected and, as such, NAV has been greatly reduced. Liquidity, when available, is generally at much lower price levels and, as such, realisations, if achievable at all, often come with a heavy price tag.

In terms of stock market performance, the Company's portfolio companies fell 39.6% during the six month period ending 31 March 2011. This underperformance far exceeds that of any index and may be attributed to the concentrated, illiquid nature of VOC's portfolio. The fact that reverse merger companies have been especially affected during this period is certainly a contributing factor to the decline in value.

Realisations

During the period, we realised proceeds from the sale of the Company's entire position in China Security & Surveillance Technologies (CSR). CSR is a company that provides the design, installation and service of complex security systems in China. We invested US\$8.0 million (at a price of US\$4.00 per share) in the company last May as a part of a larger financing. CSR has been among the more liquid names in the Company's portfolio, typically trading 1-2 million shares per day in the open market. While the growth of their business has been impressive, CSR has been criticised for the large amount of accounts receivable on its balance sheet. As a consequence, CSR has traded at quite low multiples for some time. During January 2011, the CEO announced his intent to take the Company private in a management buyout, offering US\$6.50 per share. CSR is one of several firms presently looking to 'go private', presumably in an attempt to relist on another more amenable market at a later date. Whatever the reason, the share price of CSR remained significantly below the proposed price. When full-year results for CSR were released showing little change in the accounts receivable situation, we decided to look for an opportunity to exit. Shortly thereafter, we were able to sell VOC's entire holding for US\$10.2 million, achieving a 41% IRR on the investment. Recent company announcements suggest that the management buyout appears to be proceeding at a price of US\$6.50, though the shares remain at a 20-25% discount in the market.

We also sold all but a stub warrant position in Keyuan Petrochemicals (KEYP). VOC invested US\$2.0 million in April 2010 as part of a larger financing. We realised proceeds of US\$2.7 million in the sale. Having traded at up to a 10x forward multiple, we felt that in the current environment the company was about fully-valued. Trading in KEYP's common shares was halted on 31 March 2011.

The most controversial component of VOC's portfolio during this period was the Company's holding in China Integrated Energy (CBEH). CBEH is a vertically integrated producer, wholesale distributor and retail seller of biodiesel and petroleum-based fuels in China. CBEH was the Company's third-largest holding accounting for 12.1% of the Company's NAV at 30 September 2010 and, at 31 March 2011, was VOC's 4th-largest holding accounting for 4.4% of the Company's NAV. VOC had invested a total of US\$14.7 million in CBEH, through a combination of both direct investments and open market purchases. Potential issues regarding CBEH first came to light in late summer 2010 when one of the research reports was especially critical of Sherb & Co., the Company's then auditor. Considering this matter significant, we encouraged management to upgrade their auditor to one of the 'big four'. The company agreed and, in December 2010, announced that it had retained KPMG to conduct its 2010 audit.

The US-listed China sector remained under pressure and the share price of CBEH drifted back down to about US\$6.00 by early March 2011. With the expectation of favourable earnings to be announced any day, when combined with the relatively good trading volume, we felt that selling the position would be premature. Then, on the eve of CBEH's filing of its annual report on the Form 10-K, an anonymous short-seller's research report levelled serious allegations against the company, including, among other things, that the chairman had enriched himself personally through self dealing transactions.

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INVESTMENT MANAGER'S REPORT, continued

Period ended 31 March 2011

Realisations, continued

In addition to launching special diligence initiatives, we engaged management directly and received reasonable explanations responding to the most damning allegations. However, the company's public response was weak and failed to effectively rebut the charges. About 12 days later, a second report emerged that included video footage suggesting a biodiesel refinery owned by CBEH purportedly operating at full capacity was in fact idle.

CBEH responded more forcefully this time, announcing that the independent board members had commissioned Deloitte and Pillsbury (et al) to conduct a full independent review of the business.

Throughout this period, VCA was conducting behind-the-scenes diligence on CBEH. These efforts failed to restore our confidence in the company and as such we decided to realise as much of the Company's investment as we could. By 31 March, VOC holding of CBEH were down to 1,290,061 shares and sales proceeds totalled US\$5.1 million during the six months ending 31 March 2011. VOC further realised US\$1.8 million in sales proceeds before the stock was halted from trading by NASDAQ on 20 April 2011, leaving the Company with a holding of 475,859 CBEH shares. Subsequently, additional filings by CBEH noted the resignation of Deloitte and the other firms hired to conduct the special investigation, the resignation of the independent director serving as the audit committee chairman (although the vacancy has since been filled), the withdrawal of the 2010 Form 10-K and resignation by KPMG, and the resignation of the CFO.

Following these events, VOC has written the value of its remaining position in CBEH to zero. All told, through our recent sales and earlier efforts, we were able to realise 82.1% of the Company's total investment in CBEH. Any further realisations of CBEH, regardless of the value, are likely to be delayed for some time.

Throughout the period, we were also able to make several small sales of the Company's portfolio holdings and open market trades that netted an additional US\$1.1 million in cash for the portfolio.

Portfolio Positions

At the date of this report, the Company's portfolio consists of four major positions, six minor positions and cash.

Shengkai Innovations (VALV) is engaged in the business of designing and manufacturing ceramic industrial valves and valve components. As at 31 March, VALV represented 43.6% of the Company's portfolio. Commercial production at VALV's new manufacturing facility has proceeded as scheduled and has reached full capacity based on a one-shift operation in December 2010. Management has reiterated its revenue guidance of between US\$93.0 million to US\$95.0 million and raised its non-GAAP net income guidance to between US\$31.0 million and US\$34.0 million (excluding non-cash changes in the fair value of instruments and share-based compensation costs) for the fiscal year ended 30 June 2011. In November and December 2010, VALV closed two secondary public offerings at US\$5.50 per share for total net proceeds of approximately US\$17.5 million, net of all offering costs. VOC did not participate in these offerings.

QKL Stores (QKLS) operates a chain of supermarkets and hypermarkets in Northern China. As at 31 March, QKLS represented 29.0% of the Company's portfolio. QKLS fell short of its new stores guidance during the quarters ended 31 December 2010 and 31 March 2011, opening five and six new stores, respectively, instead of the expected seven new stores for each quarter. However, during the first four months of 2011, QKLS had opened a total of 11 new stores, which is close to its guidance of 12 new stores for 2011. As of 27 April 2011, QKLS had 54 store locations with an aggregate total of approximately 306,000 sq. metres of store space. This is comprised of 35 supermarkets, 15 hypermarkets and four department stores.

China Gerui Advanced Materials (CHOP) is a manufacturer of specialty steel products. As at 31 March, CHOP represented 9.2% of the Company's portfolio. Originally planned to be completed by October 2010, construction of CHOP's two new cold-rolled, wide-strip steel production lines (150,000 metric tons of total annual capacity) and a new chromium plating line (200,000 metric tons of cold-rolled steel processing capacity) experienced delays related to severe flooding in North China over the summer season. The new chromium plating line started normal operations in March 2011, while the two new cold-rolled production lines are expected to commence production in the second quarter of fiscal year 2011. In March 2011, CHOP received proceeds of US\$77.6 million when investors exercised 15.5 million warrants which were originally issued in March 2009.

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INVESTMENT MANAGER'S REPORT, continued

Period ended 31 March 2011

Portfolio Positions, continued

China Ceramics Corporation Limited (CCCL) is a manufacturer of ceramic tiles for both residential and commercial buildings. As at 31 March, CCCL represented 3.8% of the Company's portfolio. During the three months ended 31 December 2010, CCCL completed the first phase of expansion at its Hengda facilities, increasing the facility's annual capacity from 28 million to 32.3 million sq metres of ceramic tiles. As of the beginning of 2011, the combined annual production capacity of the Hengda and Hengdali facilities was 42.2 million sq metres. CCCL expects to further expand its capacity to 72.0 million sq metres by the end of 2011 and 86.0 million sq metres by the end of 2012. CCCL was also ranked in Fujian's Top 300 Enterprises in 2010 by the Fujian Evaluation Center and the Fujian Enterprise Evaluation Association.

VOC also has small share holdings (less than 2% of NAV each) in Wuhan General Group (WUHN), Jingwei International (JNGW), Global Education & Technology Group (GEDU) and Concord Medical Services Holdings Limited (CCM) and holds small warrant positions in Keyuan Petrochemicals (KEYP) and Tianyin Pharmaceuticals (TPI), accounting for a combined total of 4.1% of the portfolio.

The Way Forward

While it is a heart-breaking conclusion to reach after so many years of hard work and dedication, we support the Board's decision to move to an orderly realisation of the Company's investments and return of surplus cash to shareholders.

Adam Benowitz
Chief Investment Officer, Senior Managing Director
Vision Capital Advisors
Date: 23 May 2011

VISION OPPORTUNITY CHINA FUND LIMITED

DIRECTORS

At the date of this interim report, the Board comprises five Directors, all of whom are non-executive and who, apart from Mr Benway, are entirely independent of the Investment Manager.

Christopher Fish, Chairman, age 66

Mr Fish retired as Managing Director of Close International Private Banking in 2004, a position he held since 1999, but remains as the Non-Executive Chairman of Close Private Bank. He has over 30 years' experience in banking, investment and fiduciary businesses. Mr Fish was a Senior Executive Director and Group Head of Trusts for Rea Brothers (Guernsey) Limited from 1998 until it was acquired by Close Brothers Plc in 1999. Prior to joining Rea Brothers (Guernsey) Limited he worked for six years at Coutts & Co. in various senior roles including Managing Director of Coutts & Co (Cayman) Ltd and Senior Client Partner and Director of Coutts Offshore Businesses. Mr Fish worked from 1989 to 1992 as Chief Executive of Leopold Joseph Holdings (Guernsey) Limited and he worked from 1973 to 1989 in a number of senior positions for The Royal Bank of Canada. He started his banking career in 1963 at Lloyds Bank, where he remained for 10 years. Mr Fish is a director of a number of other investment funds.

David Benway, age 44

Mr Benway is the Director of Origination for Vision Capital Advisors. He has more than 18 years' experience in managing complex, global financial investment teams in various capacities. Before joining Vision Capital Advisors in February 2007, Mr Benway was the Chief Operating Officer for Twin Securities, Inc. He also previously managed institutional sales and business development at Rose Glen Capital Group. He joined Rose Glen from Cooperneff Group (a BNP Paribas company) where he was Senior Vice President of Risk Managed Funds (2000 to 2002), Vice President and Chief Operating Officer of the Active Portfolio Strategies Group (1997 to 2000) and a trader in the Active Portfolio Strategies Group (1995 to 1997). Mr Benway began his Wall Street career at Goldman, Sachs & Co. in 1992. Before joining Goldman, he co-founded KVD, Inc. where he was Chief Financial Officer. He received a BA in Government in 1990 from St Lawrence University and an MBA in Finance from New York University Stern School of Business in 1995.

John Hallam, age 62

Mr Hallam is a Fellow of the Institute of Chartered Accountants in England and Wales and qualified as an accountant in 1971. Previously, he was a Partner at PricewaterhouseCoopers and retired in 1999 after 27 years with the firm in Guernsey and in other countries. Mr Hallam is currently Chairman of Cazenove Absolute Equity Ltd, Dexion Absolute Ltd and Partners Group Global Opportunities Ltd. He is also a director of a number of other financial services companies, some of which are traded on the London Stock Exchange. Mr Hallam served for many years as a member and latterly Chairman of the Guernsey Financial Services Commission, from which he retired in 2006. He is chairman of the Board's audit committee.

Dr Christopher Keith Polk, age 42

Dr Polk is a Professor of Finance at the London School of Economics and Political Science ("**LSE**"). He specialises in the behaviour of security prices and investment strategies and researches a wide range of topics, including stock market efficiency, behavioural finance and corporate investment decisions. He has advised several asset management companies on the effectiveness of their investment strategies. Prior to joining the faculty at LSE, Dr Polk was an Assistant Professor of Finance at Northwestern University's Kellogg School of Management for eight years. From 1990 to 1993 he was a senior consultant for Andersen Consulting before leaving to pursue a PhD. He received a BS in Physics and Economics from Duke University in 1990 and a PhD in Finance from the University of Chicago in 1998.

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DIRECTORS, continued

Ruiping Wang, age 48

Mr Wang is currently the Managing Director and Founder of TDR Capital International Ltd, the Chairman of TDR (Tianjin) Fund Management Ltd. He is also currently an independent director of SYSCAN Technology Holdings Limited. Mr. Wang was an Executive Director of Softbank Investment International (Strategic) Limited from October 2003 to December 2005 and before that the General Manager of Softbank China Venture Investment Limited from September 2001. In 2006 and the first half of 2007 he acted as Group Advisor to Softbank. During his time at Softbank Mr Wang was a director of a number of other companies in the group. From 2000 to 2001 he was the Vice President of the Greater China Investment Banking Division of Deutsche Bank. From 1991 to 2001 he was an Associate Director of Standard Chartered (Asia) and was in charge of investment in mainland China. Before joining Standard Chartered (Asia) he was a manager of CITIC Group (1986 to 1991). Mr Wang received an MA in Economics from Nankai University, Tianjin in 1986.

INVESTMENT POLICY

The Company invests in companies whose operations at the time of the initial investment are principally in Greater China with:

- annual revenues between US\$10 million and US\$300 million; and/or
- annual net income between US\$1 million and US\$30 million.

Subject to Board approval, the Company may make investments which do not fit either of these criteria (measured on the basis of either financial information published by the Investee Company for its previous financial year or estimates published by the Investee Company in respect of its current financial year) provided that, at the time of the initial investment, the market capitalisation of the relevant Investee Company is not greater than US\$750 million.

Investments may be made either:

- directly in Investee Companies; or
- indirectly by investing in an existing listed company whose assets are primarily cash and which may be used to acquire, through a reverse takeover, an Investee Company and which will maintain its listing following that acquisition.

The Company invests primarily in equities and equity-related securities. The Group may also invest in partnership interests and financial instruments relating to its target investments. However, the Company's investment policy is flexible, enabling it to invest in all types of securities, including (but not limited to) equities, preference shares, convertible securities, warrants and other equity-related securities. In addition, the Company may enter into derivative transactions for the purposes of efficient portfolio management.

The Company invests in securities which:

- are already listed or traded on a stock market;
- are expected to be listed or traded on a stock market concurrently with the investment; or
- are unlisted securities, provided that the Company shall not invest more than 20 per cent. of its NAV (measured at the time of investment) in unlisted securities (for this purpose, unlisted securities excludes securities which are capable of being converted into or exchanged for securities which are already listed or traded on a stock market at the option of the holder on not more than 90 days' notice but includes any other securities that are not already listed or traded on a stock market or are not expected to be listed or traded on a stock market concurrently with the investment).

The Company may continue to hold an investment in an Investee Company that ceases to be listed if the Investment Manager considers this to be appropriate.

The Company will not invest more than 15 per cent. of its gross assets (measured at the time of the initial investment) in any one company. The Company's portfolio is not managed by reference to any benchmark and, therefore, the composition of its portfolio is not restricted by any minimum or maximum sector weightings.

VISION OPPORTUNITY CHINA FUND LIMITED

INVESTMENT POLICY, continued

The Company's initial investment in any one Investee Company will not exceed 15 per cent. of its gross assets (measured at the time of the initial investment) and the aggregate cost of the Company's investment in any one Investee Company will not exceed 20 per cent. of its gross assets (measured at the time of investment).

Uninvested or surplus capital or assets may be invested on a temporary basis in cash or cash equivalents, money market instruments, bonds, commercial paper or other debt obligations with banks or other counterparties having a single "A" or higher credit rating as determined by any reputable rating agency selected by the Investment Manager.

Although the Company has not historically used the power, the Company may borrow up to 25 per cent. of its NAV (measured at the time of drawdown). Any such borrowings are subject to prior Board approval.

The Company will comply with all investment restrictions imposed on closed-ended investment funds under the Listing Rules. In particular, the Company will not invest more than 10 per cent., in aggregate, of the value of its gross assets in other investment companies admitted to the Official List, provided that this restriction will not apply to investments in any such investment companies which themselves have stated investment policies to invest no more than 15 per cent. of their gross assets in other listed investment companies admitted to the Official List.

The Company does not employ a policy of hedging against fluctuations in exchange rates.

In the event of any breach of the Company's investment policy, Shareholders will be informed of the actions to be taken by the Investment Manager by an announcement issued through a Regulatory Information Service or a notice sent to Shareholders at their registered addresses in accordance with the Articles.

PERFORMANCE STATISTICS

Date	NAV per Ordinary Share	% change in NAV per Ordinary Share	Share Price	% change in Share Price
28 November 2007 (date of Admission)	US\$0.944	-	US\$1.000	-
31 December 2007	US\$0.953	0.95%	US\$1.030	3.00%
31 March 2008	US\$0.957	0.42%	US\$1.010	-1.94%
30 June 2008	US\$1.302	36.05%	US\$1.050	3.96%
30 September 2008	US\$1.219	-6.37%	US\$0.950	-9.52%
31 December 2008	US\$0.931	-23.63%	US\$0.750	-21.05%
31 March 2009	US\$0.951	2.15%	US\$0.730	-2.67%
30 June 2009	US\$1.304	37.12%	US\$0.730	0.00%
30 September 2009	US\$2.095	60.07%	US\$1.180	61.64%
31 December 2009	US\$2.256	7.68%	US\$1.600	35.59%
31 March 2010	US\$2.752	21.99%	US\$1.980	23.75%
30 June 2010	US\$2.314	-15.92%	US\$1.790	-9.60%
30 September 2010	US\$2.105	-9.03%	US\$1.600	-10.61%
31 December 2010	US\$1.797	-14.63%	US\$1.500	-6.25%
31 March 2011	US\$1.138	-36.67%	US\$1.070	-28.67%

VISION OPPORTUNITY CHINA FUND LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	Notes	Unaudited 31 March 2011 US\$	Audited 30 September 2010 US\$	Unaudited 31 March 2010 US\$
Investments:	6			
Investment designated as:				
<i>Fair value through profit or loss</i>		52,202,445	99,696,687	101,701,551
<i>Held for trading</i>		10,193,120	34,089,070	59,760,699
Total investments		<u>62,395,565</u>	<u>133,785,757</u>	<u>161,462,250</u>
Current assets:				
Cash and cash equivalents	7	9,799,671	6,162,090	31,798,337
Other prepayments	8	2,302,238	52,792	230,174
		<u>12,101,909</u>	<u>6,214,882</u>	<u>32,028,511</u>
Total assets		<u>74,497,474</u>	<u>140,000,639</u>	<u>193,490,761</u>
Current liabilities:				
Bank overdraft	7	3	-	8,317
Other payables	9	70,588	586,206	11,255,155
		<u>70,591</u>	<u>586,206</u>	<u>11,263,472</u>
Non-current liabilities:				
B Redeemable Preference Shares of GPCo	11	100,000	100,000	100,000
Total liabilities		<u>170,591</u>	<u>686,206</u>	<u>11,363,472</u>
Total net assets		<u>74,326,883</u>	<u>139,314,433</u>	<u>182,127,289</u>
Represented by shareholders' equity:				
Minority Interest	11	16,024	-	-
Share capital	11	59,819,952	61,259,952	64,569,430
Reserves	10	14,490,907	78,054,481	117,557,859
Total net assets		<u>74,326,883</u>	<u>139,314,433</u>	<u>182,127,289</u>
NAV per Ordinary Share	12	<u>1.1382</u>	<u>2.1048</u>	<u>2.7516</u>

The accompanying notes on pages 12 to 21 form an integral part of these financial statements.

VISION OPPORTUNITY CHINA FUND LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period 1 October 2010 to 31 March 2011

	Notes	Unaudited 1 October 2010 to 31 March 2011 US\$	Unaudited 1 October 2009 to 31 March 2010 US\$
Income			
Bank interest		1	13
Dividend income		64,787	8,793
Movement in net unrealised (losses)/gains on investments	6	(61,497,235)	40,202,582
Net realised gains on investments	6	16,253	25,428,875
Net foreign exchange losses		(4,129)	(5,787)
Net investment (deficit)/income		(61,420,323)	65,634,476
Expenses			
Investment Manager's fees	3	1,284,732	1,441,611
Performance allocation	3	-	10,869,360
Realised movement in value of GPCo invested in PPU's redeemed during the period	3	-	6,666,830
Income allocation on B Redeemable Preference Shares of GPCo		(230,635)	201,300
Administrator's fees	3	127,483	118,671
Directors' fees	4	112,668	95,947
Auditor's remuneration		40,510	40,574
Custodian's fees	3	51,693	45,679
Registrar's fees	3	13,329	6,365
NOMAD & Broker's fees	3	47,659	59,173
Prime Broker's commissions	3	88,306	1,555,974
D&O insurance		61,555	59,167
Annual AIM fees		5,372	5,689
Legal and professional fees		126,467	95,691
Transaction costs	3	307,782	149,906
Marketing fees		37,828	38,725
Purchase and cancellation of Fairfax Option		-	660,000
Other expenses		68,502	46,376
Total expenses		2,143,251	22,157,038
(Deficit)/return for the period attributable to Ordinary Shareholders from operations	10	(63,563,574)	43,477,438
Total comprehensive (deficit)/income for the period		(63,563,574)	43,477,438
(Deficit)/earnings per Ordinary Share (basic and diluted)	5	(0.9681)	0.6569

The results from the current and prior periods are derived from continuing operations.

The accompanying notes on pages 12 to 21 form an integral part of these financial statements.

VISION OPPORTUNITY CHINA FUND LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period 1 October 2010 to 31 March 2011

Unaudited 1 October 2010 to 31 March 2011				
Notes	Revenue Reserve	Share Capital	Treasury Shares	Total
	US\$	US\$	US\$	US\$
Balance brought forward	78,054,481	61,259,952	-	139,314,433
Capital distribution	11	(1,440,000)		(1,440,000)
Repurchase of Ordinary Shares – held as Treasury Shares	11	-	1,440,000	(1,440,000)
Cancellation of Ordinary Shares – held as Treasury Shares	11	-	(1,440,000)	1,440,000
Total comprehensive income for the period	10	(63,563,574)	-	(63,563,574)
Balance carried forward		14,490,907	59,819,952	-
				74,310,859

For the period 1 October 2009 to 31 March 2010

Unaudited 1 October 2009 to 31 March 2010				
Notes	Revenue Reserve	Share Capital	Treasury Shares	Total
	US\$	US\$	US\$	US\$
Balance brought forward	74,080,421	64,569,430	-	138,649,851
Total comprehensive income for the period	43,477,438	-	-	43,477,438
Balance carried forward		117,557,859	64,569,430	-
				182,127,289

The accompanying notes on pages 12 to 21 form an integral part of these financial statements.

VISION OPPORTUNITY CHINA FUND LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period 1 October 2010 to 31 March 2011

	Notes	Unaudited 1 October 2010 to 31 March 2011 US\$	Unaudited 1 October 2009 to 31 March 2010 US\$
Cash flows from operating activities:			
Bank interest received		1	13
Dividends received		64,787	8,793
Operating expenses paid		(2,759,092)	(29,238,957)
Amounts paid on purchases of investments		(5,192,853)	(2,738,224)
Sales proceeds received from disposal of investments		12,952,840	40,675,471
Net cash from in operating activities		5,065,683	8,707,096
Cash flows used in financing activities:			
Amounts received on issue of C Ordinary Shares in GPCo		16,024	-
Amounts paid re buyback of Ordinary Shares		(1,440,000)	-
Net cash used in financing activities		(1,423,976)	-
Net increase in cash and cash equivalents during the period		3,641,707	8,707,096
Cash and cash equivalents, start of period		6,162,090	23,088,711
Effect of exchange rate changes during the period		(4,129)	(5,787)
Cash and cash equivalents, end of period	7	9,799,668	31,790,020
Cash and cash equivalents comprise the following amounts:			
Bank deposits		9,799,671	31,798,337
Bank overdrafts		(3)	(8,317)
		9,799,668	31,790,020

The accompanying notes on pages 12 to 21 form an integral part of these financial statements.

VISION OPPORTUNITY CHINA FUND LIMITED

Notes to the Consolidated Financial Statements

For the period 1 October 2010 to 31 March 2011

1. The Company:

The Company is a Guernsey registered, closed-ended investment company. The Company commenced business on 28 November 2007 when the Ordinary Shares were admitted to trading on AIM. The registered office of the Company is Sarnia House, Le Truchot, St Peter Port, Guernsey, GY1 4NA.

The Company is a Guernsey Registered Closed-ended Investment Scheme and is subject to the Registered Collective Investment Scheme Rules 2008.

The Company's investment policy during the reporting period is disclosed on pages 6 & 7.

The underlying investments of the Group are held by the Limited Partnership which was registered as a limited partnership in Guernsey under the Limited Partnership (Guernsey) Law, 1995. The Company is the limited partner of the Limited Partnership and the Company's subsidiary, GPCo, is the general partner of the Limited Partnership.

GPCo was incorporated in Guernsey and is licensed under The Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended. GPCo's principal activity is to manage the Limited Partnership which it does by employing the services of Vision Capital Advisors under the Investment Management Agreement. GPCo is responsible for the continuing fees of the Investment Manager.

The Company owns all of the issued A Ordinary Share capital of GPCo. The A Ordinary Shares give the Company the sole control rights over GPCo.

Vision Capital Advisors owns all of the issued B Redeemable Preference Share capital of GPCo. The B Redeemable Preference Shares give the Investment Manager the sole economic rights to the performance allocation to which GPCo is entitled under the terms of the Limited Partnership and the return on the US\$100,000 capital invested by Vision Capital Advisors for the B Redeemable Preference Shares.

Through its interest as a limited partner in the Limited Partnership, the Company is entitled to a return on the amount invested in the Limited Partnership to enable the Group to make investments.

The Company, the GPCo and the Limited Partnership together form an integrated fund structure and consequently the Company has consolidated its interests in GPCo and the Limited Partnership. The Investment Manager's holding in the GPCo is the interest in B Redeemable Preference Shares.

The C Ordinary Share of the GPCo issued to the Investment Manager entitles the Investment Manager to £10,000 (or equivalent) on liquidation or winding up of the Company and to no other rights.

2. Principal Accounting Policies:

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements:

(a) Basis of Preparation:

The condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting", as adopted by the European Union and are in compliance with the Companies (Guernsey) Law, 2008.

(b) Significant Accounting Policies:

The same accounting policies, presentation and methods of computation are followed in the condensed interim financial statements as those followed in the preparation of the Group's annual audited financial statements for the year ended 30 September 2010.

VISION OPPORTUNITY CHINA FUND LIMITED

Notes to the Consolidated Financial Statements, continued

For the period 1 October 2010 to 31 March 2011

3. Related Parties & Material Contracts:

The Company is responsible for the continuing fees of GPCo, the Administrator, the Custodian, the Prime Broker, the NOMAD & Broker and the Registrar in accordance with the Limited Partnership, Administration, Custodian, the Prime Broker, NOMAD & Broker and Registrar agreements, respectively.

The Investment Manager is a related party of the Group as a result of a number of connections. Dr Randolph Cohen was a Director of the Company during the period and is co-founder and Senior Managing Director of the Investment Manager. Mr David Benway is a Director of the Company and is also Director of Research and Investments for the Investment Manager. Dr Cohen resigned as a Director of the Company on 1 October 2010.

Limited Partnership Agreement

Pursuant to the provisions of the Limited Partnership Agreement dated 22 November 2007, GPCo's compensation consists of all expenses incurred in relation to the constitution, administration and business of the Limited Partnership, without limitation or exception.

The GPCo is responsible for the continuing fees of the Investment Manager in accordance with the Investment Management Agreement.

Investment Management Agreement

Pursuant to the Investment Management Agreement, GPCo pays a management fee to the Investment Manager of 0.5% of the final month-end NAV of the previous quarter, paid quarterly in advance.

As at 31 March 2011 the management fee prepaid was US\$16,053 (30 September 2010 & 31 March 2010: US\$Nil).

The Investment Manager is also entitled to a performance allocation, through its interest in GPCo, in respect of a performance period if two conditions are met, namely (i) the performance hurdle test is met; and (ii) the High Watermark is exceeded.

The performance hurdle test will be met in a performance period if the Adjusted Closing NAV per Ordinary Share exceeds the Hurdle NAV at the end of such period. The Hurdle NAV is the greater of (a) the Opening NAV per Ordinary Share and (b) the High Watermark, increased over the relevant performance period by a rate equal to 10% per annum.

The High Watermark will be exceeded if the Adjusted Closing NAV per Ordinary Share at the end of the relevant performance period is higher than the High Watermark.

The performance allocation is based on "NAV Increase per Ordinary Share" which is the amount by which the Adjusted Closing NAV per Ordinary Share exceeds either (i) the Opening NAV per Ordinary Share, or (ii) in the case where the High Watermark exceeds the Hurdle NAV, the High Watermark.

The performance allocation is an amount equal to 20% of the NAV increase per Ordinary Share multiplied by the time weighted average of the total number of Ordinary Shares in issue for the relevant period. Vision Capital Advisors will not be entitled to any such part of the performance allocation to which it would otherwise be entitled if allocating such part of the performance allocation would have caused the performance hurdle test or High Watermark test to not be met.

Each subsequent performance period is a period of one financial year commencing on 1 October.

The Investment Manager has agreed to treat a portion of its performance allocation as invested each year. The portion of the performance allocation which is represented by realised gains, less expenses, from investments will be distributable in cash by the Limited Partnership to GPCo in arrears at the end of each performance period (the "Cash Performance Allocation"). Any amount of the performance allocation which is not represented by realised gains (or which the Investment Manager via GPCo otherwise elects not to receive in cash as part of the Cash Performance Allocation) will be treated as invested by GPCo at the end of each performance period in Performance Partnership Units ("PPUs") in the Limited Partnership. PPUs will accrue a preferred share of the profits and losses of the Limited Partnership on the basis of fluctuations in the market price of Ordinary Shares from the date of their allocation to GPCo until the date PPUs are redeemed, such that GPCo's return on its PPUs will track the return of an investor in Ordinary Shares over the same period (ignoring dealing costs).

GPCo is entitled to receive a priority distribution from the Limited Partnership equivalent to the Cash Performance Allocation and the return on the PPUs. GPCo's entitlement to the Cash Performance Allocation and the return on the PPUs will be payable to the Investment Manager as the owner of 100% of the B Redeemable Preference Shares in GPCo.

VISION OPPORTUNITY CHINA FUND LIMITED

Notes to the Consolidated Financial Statements, continued
For the period 1 October 2010 to 31 March 2011

3. Related Parties & Material Contracts, continued:

Investment Management Agreement, continued

At the end of each performance period, the Administrator will calculate the proposed performance allocation and the split between the Cash Performance Allocation payable and the amount which will be automatically treated as invested in PPU's (to be reviewed and agreed by the Board) and, if cash is available, GPCo will pay a dividend on the non-voting B Redeemable Preference Shares or permit certain of them to be redeemed to pay the Cash Performance Allocation to the Investment Manager. If cash is not available or, if Vision Capital Advisors elects, the Cash Performance Allocation may be satisfied by the issue of further PPU's to Vision Capital Advisors. For the financial year ending 30 September 2011, the performance allocation pre dividend High Watermark is US\$2.1567 per Ordinary Share (30 September 2010: US\$2.0947).

As at 31 March 2011 the accrued uncrystallised Cash Performance Allocation creditor was US\$Nil (30 September 2010: US\$Nil & 31 March 2010: US\$2,955,422) and the amount which would be automatically treated as invested PPU's, upon crystallisation, is US\$Nil (30 September 2010: US\$Nil & 31 March 2010: US\$7,913,938).

Administration Agreement

Praxis Fund Services Limited has been appointed as Administrator to the Group under an administration agreement dated 16 November 2007 (the "Administration Agreement"). The Administrator provides day-to-day administration and secretarial services to the Group.

The Administration Agreement may be terminated by either party on not less than 180 days' written notice, or earlier upon certain breaches of the Administration Agreement or the insolvency or receivership of either party or if the Administrator ceases to be qualified to act as such.

Pursuant to the provisions of the Administration Agreement, the Administrator is entitled to receive the following administration fees from the Group:

- *Accounting and NAV calculation* - a fee based upon 0.10% of NAV subject to a minimum of £4,500 per month;
- *Company Secretarial & US Shareholder Reporting* - time based fee; and
- *GPCo* - time based fee subject to a minimum of £10,000 per annum.

As at 31 March 2011 the administration fee creditor was US\$19,582 (30 September 2010: US\$24,490 & 31 March 2010: US\$24,517).

Registrar Agreement

Pursuant to the provisions of the registrar agreement between the Registrar and the Group, dated 16 November 2007, the Registrar is entitled to an annual maintenance fee of £2 per Shareholder account, subject to an annual minimum of £5,000 per annum, together with a per deal fee per Shareholder transaction. In addition, the Registrar is also entitled to an investor relations fee of £2,720 per annum and a compliance fee of £750 per annum.

As at 31 March 2011 the registrar fee creditor was US\$3,857 (30 September 2010: US\$3,860 & 31 March 2010: US\$4,000).

Custodian & Prime Broker Agreement

Jefferies & Company Inc. has been appointed as custodian to the Group and in that capacity currently has custody of all of the Group's investments. In accordance with US securities laws, the assets of the Custodian's customers are required to be segregated from the Custodian's proprietary assets.

As at 31 March 2011 the custodian fee creditor was US\$Nil (30 September 2010: US\$Nil & 31 March 2010: US\$Nil).

Jefferies & Company Inc. has also been appointed as prime broker to the Limited Partnership. The Limited Partnership pays the Prime Broker commissions and other transaction fees (for the execution of purchases and sales of securities). These fees are payable at the Prime Broker's prevailing rates.

As at 31 March 2011 the Limited Partnership had amounts due to the Prime Broker of US\$8,806 (30 September 2010: US\$9,812 & 31 March 2010: US\$8,876).

VISION OPPORTUNITY CHINA FUND LIMITED

Notes to the Consolidated Financial Statements, continued

For the period 1 October 2010 to 31 March 2011

3. Related Parties & Material Contracts, continued:

NOMAD & Broker Agreement

Canaccord have been appointed as NOMAD & Broker to the Company under a nominated adviser and Broker agreement dated 1 October 2009 between the Company and Canaccord (the "NOMAD & Broker Agreement"). The NOMAD & Broker Agreement is on normal market terms, and under those terms the Company has agreed, inter alia, to consult and discuss with Canaccord all of its announcements and statements and to provide Canaccord with any information which Canaccord reasonably requires to enable it to carry out its obligations as a NOMAD and Broker. The NOMAD & Broker Agreement is terminable by either party on 2 months' written notice and in certain other circumstances.

As at 31 March 2011 the fees due to Canaccord were US\$1,918 (30 September 2010: US\$123,110 creditor & 31 March 2010: US\$125 prepaid).

Co-investments with the Master Fund

The Master Fund is a related party as a result of also being managed by the Investment Adviser. As at 31 March 2011 the Group held investments in the three underlying investment companies noted below, which the Master Fund also held an interest in:

- China Integrated Energy Inc
- Jingwei International Limited
- Wuhan General Group (China) Inc

The Limited Partnership, collectively with the Master Fund, does not hold an aggregated controlling interest in any of the above co-investments.

Directors Interests

As at 31 March 2011 the interests in Ordinary Shares held by the Directors who held office during the year, and their families, are set out below:

	<u>31 March 2011</u>	<u>30 September 2010</u>	<u>31 March 2010</u>
	No. of Ordinary Shares	No. of Ordinary Shares	No. of Ordinary Shares
Christopher Fish (Chairman)	-	-	-
Dr Randolph Cohen (resigned 1 October 2010)*	7,437,845	7,537,845	7,537,845
David Benway	-	-	-
Ruiping Wang	-	-	-
Dr Christopher Polk	-	-	-
John Hallam (appointed 29 July 2010)	-	-	-

*Dr Cohen is interested in 7,437,845 or 11.39% (30 September 2010 & 31 March 2010: 7,537,845 or 11.39%) Ordinary Shares due to his ownership of a proportion of the economic rights in Vision Capital Advisors' Ordinary Shares and other shareholdings.

There were no changes in the interests of the Directors prior to the date of this report.

Dr Cohen had an indirect interest through Vision Capital Advisors' holdings of B Redeemable Preference Shares in the GPCo.

Other than Dr Cohen no Director and no connected person of any Director has an interest in the Ordinary Shares which, is known to, (or could with reasonable diligence be ascertained by) the Directors, whether held directly or through a third party.

Additionally, as at 31 March 2011 Jonathan Shane and Carl Kleidman, employees of Vision Capital Advisors, held a collective 635,000 (30 September 2010 & 31 March 2011: 535,000) Ordinary Shares that carry certain restrictions.

VISION OPPORTUNITY CHINA FUND LIMITED

Notes to the Consolidated Financial Statements, continued

For the period 1 October 2010 to 31 March 2011

4. Directors' Fees:

Each of the Directors has entered into an agreement with the Company providing for them to act as a non-executive Director of the Company. Their annual fees, excluding all reasonable expenses incurred in the course of their duties which will be reimbursed by the Company and are included in other expense, are as follows:

	31 March 2011 Annualised Fee	30 September 2010 Annualised Fee	31 March 2010 Annualised Fee
	US\$	US\$	US\$
Christopher Fish (Chairman)	70,000	70,000	70,000
Dr Randolph Cohen (resigned 1 October 2010)	-	-	-
David Benway	-	-	-
Ruiping Wang	50,000	50,000	50,000
Dr Christopher Polk	50,000	50,000	50,000
John Hallam* (appointed 29 July 2010)	55,000	55,000	N/A

* as chairman of the Audit Committee Mr Hallam's fee includes a further US\$5,000 per annum.

Dr Cohen was not entitled to pro-rated Directors' fees for the time which he serviced as a Director of the Company during the period. Mr Benway was not entitled to any Directors' fees for the period. As at 31 March 2011, the Directors' fees creditor was US\$Nil (30 September 2010 & 31 March 2010: US\$Nil).

For the period ended 31 March 2011, Directors' fees were US\$112,668 (31 March 2010: US\$95,947).

5. Basic & Diluted Earnings per Ordinary Share:

Basic and diluted earnings per Ordinary Share is based on the deficit for the period of US\$63,563,574 (31 March 2010: return of US\$43,477,438) and on a weighted average of 65,660,453 (31 March 2010: 66,189,574) Ordinary Shares in issue.

6. Investments:

Fair Value Through Profit or Loss Investments:	1 October 2010 to 31 March 2011	1 October 2009 to 30 September 2010	1 October 2009 to 31 March 2010
	US\$	US\$	US\$
Listed equity securities (freely tradeable)	15,875,148	28,717,222	101,701,551
Listed equity securities (restricted)	36,327,297	70,979,465	-
	<u>52,202,445</u>	<u>99,696,687</u>	<u>101,701,551</u>
Opening fair value	99,696,687	97,385,577	97,385,577
Purchases	5,192,853	33,459,101	2,738,224
Sales - proceeds	(15,098,022)	(51,411,514)	(40,280,706)
Sales - realised gains on disposals	16,253	28,046,269	25,428,875
Movement in net unrealised (losses)/gains	(37,605,326)	(7,782,746)	16,429,581
Closing fair value	<u>52,202,445</u>	<u>99,696,687</u>	<u>101,701,551</u>
Closing book cost	44,553,362	54,442,278	32,234,815
Closing net unrealised gains	7,649,083	45,254,409	69,466,736
Closing fair value	<u>52,202,445</u>	<u>99,696,687</u>	<u>101,701,551</u>

VISION OPPORTUNITY CHINA FUND LIMITED

Notes to the Consolidated Financial Statements, continued
For the period 1 October 2010 to 31 March 2011

6. Investments, continued:

Held for Trading Investments:	1 October 2010 to 31 March 2011 US\$	1 October 2009 to 30 September 2010 US\$	1 October 2009 to 31 March 2010 US\$
Unlisted investments - warrants	10,193,120	34,089,070	59,760,699
Opening fair value	34,089,070	35,987,698	35,987,698
Purchases	-	86,308	-
Sales - proceeds	(4,041)	-	-
Movement in net unrealised gains	(23,891,909)	(1,984,936)	23,773,001
Closing fair value	10,193,120	34,089,070	59,760,699
Closing book cost	89,445	93,486	7,178
Closing net unrealised gains	10,103,675	33,995,584	59,753,521
Closing fair value	10,193,120	34,089,070	59,760,699
Total Investments:	1 October 2010 to 31 March 2011 US\$	1 October 2009 to 30 September 2010 US\$	1 October 2009 to 31 March 2010 US\$
Listed equity securities (freely tradeable)	15,875,148	28,717,222	101,701,551
Listed equity securities (restricted)	36,327,297	70,979,465	-
Warrants	10,193,120	34,089,070	59,760,699
	62,395,565	133,785,757	161,462,250
Opening fair value	133,785,757	133,373,275	133,373,275
Purchases	5,192,853	33,545,409	2,738,224
Sales - proceeds	(15,102,063)	(51,411,514)	(40,280,706)
Sales - realised gains on disposals	16,253	28,046,269	25,428,875
Movement in net unrealised gains	(61,497,235)	(9,767,682)	40,202,582
Closing fair value	62,395,565	133,785,757	161,462,250
Closing book cost	44,642,807	54,535,764	32,241,993
Closing net unrealised gains	17,752,758	79,249,993	129,220,257
Closing fair value	62,395,565	133,785,757	161,462,250
7. Cash and Cash Equivalents:	31 March 2011 US\$	30 September 2010 US\$	31 March 2010 US\$
Cash at bank	9,799,671	6,162,090	31,798,337
Bank overdraft	(3)	-	(8,317)
	9,799,668	6,162,090	31,790,020

VISION OPPORTUNITY CHINA FUND LIMITED

Notes to the Consolidated Financial Statements, continued
For the period 1 October 2010 to 31 March 2011

8. Other Prepayments:

	<u>31 March 2011</u>	<u>30 September 2010</u>	<u>31 March 2010</u>
	US\$	US\$	US\$
Unsettled investment sales	2,149,224	-	142,030
Prepayments	153,014	52,792	88,144
	<u>2,302,238</u>	<u>52,792</u>	<u>230,174</u>

The Directors consider that the carrying amount of other receivables approximates fair value.

9. Other Payables:

	<u>31 March 2011</u>	<u>30 September 2010</u>	<u>31 March 2010</u>
	US\$	US\$	US\$
Performance allocation	-	-	10,869,360
Income allocation on B			
Redeemable Preference Shares	(101,293)	129,342	201,464
Administrator's fee	19,582	24,490	24,517
Registrar's fee	3,857	3,860	4,000
NOMAD & Broker's fees	1,918	123,110	-
Prime Broker fees	8,806	9,812	8,876
Legal & professional fees	69,566	201,363	78,784
Consultancy fees	8,558	-	-
Audit fee	48,581	85,810	44,080
Travel & marketing	-	116	6,091
Sundry payables	11,013	8,303	17,983
	<u>70,588</u>	<u>586,206</u>	<u>11,255,155</u>

The Directors consider that the carrying amount of other payables approximates fair value.

10. Revenue reserve:

	<u>1 October 2010</u> to <u>31 March 2011</u>	<u>1 October 2009</u> to <u>30 September 2010</u>	<u>1 October 2009</u> to <u>31 March 2010</u>
	US\$	US\$	US\$
Opening revenue reserve	78,054,481	74,080,421	74,080,421
Total comprehensive income for the period	(63,563,574)	3,974,060	43,477,438
Closing revenue reserve	<u>14,490,907</u>	<u>78,054,481</u>	<u>117,557,859</u>

11. Share Capital:

	<u>1 October 2010</u> to <u>31 March 2011</u>	<u>1 October 2009</u> to <u>30 September 2010</u>	<u>31 March 2011,</u> <u>30 September 2010</u> & <u>31 March 2011</u>
	No.	No.	US\$
Authorised Share Capital:			
Unlimited shares of no par value that may be issued as Ordinary Shares			-
Allotted, Issued and Fully Paid:			
Brought forward	66,189,574	66,189,574	66,189,574
Repurchased Ordinary Shares cancelled	(900,000)	-	-
Carried forward	<u>65,289,574</u>	<u>66,189,574</u>	<u>66,189,574</u>

VISION OPPORTUNITY CHINA FUND LIMITED

Notes to the Consolidated Financial Statements, continued

For the period 1 October 2010 to 31 March 2011

11. Share Capital, continued:

	1 October 2010 to 31 March 2011	1 October 2009 to 30 September 2010	1 October 2009 to 31 March 2010
Share Capital:	US\$	US\$	US\$
Share capital brought forward	61,259,952	64,569,430	64,569,430
Capital distribution	(1,440,000)	(3,309,478)	-
Share capital on repurchase of Ordinary Shares held in treasury of during the period/year	1,440,000	-	-
Share capital on cancellation of Ordinary Shares held in treasury of during the period/year	(1,440,000)	-	-
Share capital carried forward	<u>59,819,952</u>	<u>61,259,952</u>	<u>64,569,430</u>

On 14 December 2010, in accordance with the Company's buy-back programme in relation to its distribution policy in respect of the year ended 30 September 2010, the Company acquired 900,000 Ordinary Shares from Shareholders for an aggregate price of US\$1.44 million. On 17 December 2010, those Ordinary Shares that were being held in treasury were cancelled. Following the cancellation, as at 31 March 2011, the number of issued Ordinary Shares was 65,289,574.

On 28 May 2010, in accordance with the Company's distribution policy, the Company paid to Shareholders (on the register as at close of business on 7 May 2010) a return of capital of 5 cents per Ordinary Share, amounting to US\$3.31 million in aggregate. As at 30 September 2010 the remaining amount to be distributed to Shareholders in relation to the year ended 30 September 2010 was US\$1.44 million.

The Company's authorised capital structure comprises an unlimited number of shares of no par value.

Ordinary Shareholders have the following rights:

- (i) *Dividends*
During the period Shareholders (other than the Company itself where it holds its own Ordinary Shares as treasury Ordinary Shares) are entitled to receive, and participate in, any dividends or other distributions out of the profit of the Company available for dividend and resolved to be distributed in respect of any accounting period or other income or right to participate therein.
- (ii) *Winding up*
On a winding up, Shareholders (other than the Company itself where it holds its own Ordinary Shares as treasury Ordinary Shares) shall be entitled to the surplus assets remaining after payment of all the creditors of the Company.
- (iii) *Voting*
Shareholders (other than the Company itself where it holds its own Ordinary Shares as treasury Ordinary Shares) shall have the right to receive notice of and to attend and vote at general meetings of the Company and each Shareholder being present in person or by proxy or by a duly authorised representative (if a corporation) at a meeting shall upon a show of hands have one vote and upon a poll each such holder present in person or by proxy or by a duly authorised representative (if a corporation) shall have one vote in respect of every Ordinary Share held by him.

VISION OPPORTUNITY CHINA FUND LIMITED

Notes to the Consolidated Financial Statements, continued

For the period 1 October 2010 to 31 March 2011

11. Share Capital, continued:

B Redeemable Preference Shares

Proceeds from the issue of B Redeemable Preference Shares in the GPCo are classified as debt in these financial statements in accordance with IFRS and have the following special rights:

- a) At any time the B Redeemable Preference Shareholders of the GPCo shall be entitled on liquidation of the GPCo to a sum equal to any undistributed vested performance allocation, due from the Limited Partnership, plus any amounts due to the Company under the Limited Partnership Agreement allocated between such Shareholders pro rata to the number of B Redeemable Preference Shares they hold at the date of distribution in priority to any other distributions on the A Ordinary Shares of the GPCo.
- b) Subject to the provisions of the Law, on each annual NAV publication date, of the Limited Partnership, an amount equal to any undistributed vested performance allocation, in the Limited Partnership, shall become distributable to the B Redeemable Preference Shareholders of the GPCo.
- c) Should the Company be unable to pay a dividend equal to any undistributed vested performance allocation, due from the Limited Partnership, in accordance with (b) above, the Company shall pay a maximum dividend it is permitted to pay to the B Redeemable Preference Shareholders of the GPCo and the remainder of the undistributed vested performance allocation shall be dealt with in accordance with (d) below.
- d) In relation to any remaining undistributed vested performance allocation, any B Redeemable Preference Shareholders of the GPCo may deliver an election in writing to the GPCo (the "Election") requesting that the GPCo redeems one of the B Redeemable Preference Shares held by the B Redeemable Preference Shareholder for a cash payment representing the Shareholder's share of the greater of (i) the undistributed vested performance allocation at that time and (ii) the maximum amount payable by the GPCo under the Law, such share to be calculated on the basis of the proportion calculated by dividing the number of B Redeemable Preference Shares held by such a Shareholder prior to any redemptions by that Shareholder pursuant under this section by the number of B Redeemable Preference Shares in issue prior to any redemptions pursuant under this clause by any Shareholder. Subject to the provisions of the Law, the GPCo shall then redeem such B Redeemable Preference Shares accordingly within two business days of receipt of the election and shall within one month thereafter give notice in writing of such redemption to the Guernsey Registry.
- e) The B Redeemable Preference Shares shall have no voting rights, save where any undistributed vested performance allocation remains outstanding for more than 5 business days when each B Redeemable Preference Share in the GPCo shall carry 10 votes at any general meeting of the GPCo.
- f) The B Redeemable Preference Shareholders have the sole economic rights to the performance allocation to which the Company is entitled under the terms of the limited partnership agreement and the return on the US\$100,000 capital invested by the B Redeemable Preference Shareholders for the B Redeemable Preference Shares.

C Ordinary Share

A C Ordinary Share in GPCo was issued to VCA to enable it to comply with certain capital adequacy requirements. The Share carries no rights to vote at general meetings, no rights to dividends or other distributions (including on a return of capital) and only the right to receive £10,000 on a liquidation or winding up of GPCo. The value of the C Ordinary Share is classified as minority interest in these financial statements.

VISION OPPORTUNITY CHINA FUND LIMITED

Notes to the Consolidated Financial Statements, continued

For the period 1 October 2010 to 31 March 2011

12. NAV per Ordinary Share:

The NAV per Ordinary Share is based on the net assets attributable to Ordinary Shareholders of US\$74,310,859, after adjusting for minority interest, (30 September 2010: US\$139,314,433 & 31 March 2010: US\$182,127,289) and on the Ordinary Shares at the period end in issue of 65,289,574 (30 September 2010 & 31 March 2010: 66,189,574).

13. Dividend:

The Directors do not recommend the payment of a dividend for the period ended 31 March 2011 (31 March 2010: US\$Nil).

14. Distribution:

On 14 December 2010, in accordance with the Company's buy-back programme in relation to its distribution policy in respect of the year ended 30 September 2010, the Company acquired 900,000 Ordinary Shares from Shareholders for an aggregate price of US\$1.44 million. On 17 December 2010, these Ordinary Shares that were being held in treasury were cancelled. Following the cancellation, as at 31 March 2011, the issued Ordinary Shares of the Company was 65,289,574.

On 28 May 2010, the Company paid to Shareholders (on the register as at close of business on 7 May 2010) a return of capital of 5 cents per Ordinary Share, amounting to US\$3.31 million in aggregate. As at 30 September 2010 the remaining amount to be distributed to Shareholders in relation to the year ended 30 September 2010 was US\$1.44 million.

15. Taxation:

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and is charged an annual exemption fee of £600.

16. Capital Management:

The Company has the ability to borrow up to 25% of net assets in order to meet ongoing expenses and obligations. Any such borrowing requires Board approval.

The Company has been granted authority to make market purchases of up to 14.99% of its own Ordinary Shares. Any such purchases require Board approval.

17. Contingent Liability:

Legal proceedings have been brought against the Company, the Limited Partnership and six other defendants in the Nevada courts by the Trustee of the Litigation Trust of Astrata Group Inc, a former investee of the Company. The Directors, having taken legal advice on the pleaded case and known evidence to date, have no reason to believe the claims for an amount of approximately US\$380 million, plus punitive and exemplary damages, attorneys' fees and pre-judgment interest, have merit and they are accordingly being strenuously defended. A hearing at which the Company and Limited Partnership are requesting that all claims against them are struck out is expected to be scheduled shortly. At the time of approving these financial statements the outcome of the proceedings is not known, although the Directors believe that there is a risk that not all of the claims will be able to be dismissed as showing no reasonable prospects of success prior to a discovery stage, which could be extensive. The legal costs incurred to date have been expensed, but if the claims proceed to the discovery stage, the Directors will consider making a provision for legal and other costs in respect of defending the action in the future financial statements of the Company and the Limited Partnership.

18. Post Period End Events:

China Integrated Energy (CBEH)

As disclosed in the Investment Manager's Report, since the period end, the Company has further realised US\$1.8 million in sales proceeds of its investment in CBEH. Following the events described in the Investment Manager's Report, the Company has written down the value of its remaining position of 475,859 CBEH shares to zero.

Investment Strategy

In view of the Company's more recent performance, the uncertain outlook for smaller US-listed Chinese companies and shareholder feedback, the Board is recommending that the Company should not make any new investments, seek to realise its remaining investments in an orderly fashion and return any surplus cash to shareholders from time to time.

There were no other significant post period end events that require disclosure in these financial statements.

VISION OPPORTUNITY CHINA FUND LIMITED

DEFINITIONS

Adjusted Closing NAV per Ordinary Share	the NAV at the end of a performance period (for the avoidance of doubt, after deducting the performance allocation accrued in any previous performance period) divided by the number of Ordinary Shares in issue at the time
Administrator	Praxis Fund Services Limited
Admission	the admission of the Ordinary Shares to trading on AIM which occurred on 28 November 2007
AIM	AIM, a Market operated by the London Stock Exchange
A Ordinary Shares	A Ordinary Shares issued by GPCo
B Redeemable Preference Shares	B Redeemable Preference Shares issued by GPCo
Board	the board of directors of the Company
Canaccord	Canaccord Genuity Limited, the Company's nominated adviser & broker, with effect from 1 October 2009
Company or VOC	Vision Opportunity China Fund Limited
C Ordinary Shares	C Ordinary Shares issued by GPCo
Custodian	Jefferies & Company Inc.
Directors	the directors of the Company
Fairfax Option	an option issued to Fairfax I.S. PLC , the Company's former NOMAD & Broker, in connection with the Placing and Admission to purchase up to 2,000,000 of the Ordinary Shares at an exercise price of US\$1.00 per Ordinary Share
GPCo	Vision Opportunity China GP Limited
Greater China	a collective term referring both to the territories administered by the PRC (including Hong Kong and Macau), territories administered by the Republic of China (Taiwan and some neighbouring islands) and Singapore
Group	the Company, GPCo, the Limited Partnership and their subsidiary undertakings from time to time
High Watermark	the highest previously recorded Opening NAV per Ordinary Share as reduced by the sum of all dividends and distributions paid, made or declared per Ordinary Share since the date such highest Opening NAV per Ordinary Share was established
Hurdle NAV	the greater of (a) the Opening NAV per Ordinary Share and (b) the High Watermark, increased over the relevant performance period by a rate equal to 10% per annum
Investee Company	a company in which an investment is held
Investment Management Agreement	the investment management agreement dated 16 November 2007 between the Company and the Investment Manager
Investment Manager or Vision Capital Advisors	Vision Capital Advisors, LLC, a limited liability corporation incorporated in Delaware, US and the investment manager of the Company
Limited Partnership	Vision Opportunity China LP
Limited Partnership Agreement	the agreement between VOC and GPCo establishing the Limited Partnership
Listing Rules	Listing Rules of the AIM Market of the London Stock Exchange
London Stock Exchange	London Stock Exchange plc
Master Fund	Vision Opportunity Master Fund, Ltd, a Cayman Island exempt corporation managed by Vision Capital Advisors, including any other fund to which Vision Opportunity Master Fund, Ltd transfers a portion of its assets and which will continue to be managed by Vision Capital Advisors

VISION OPPORTUNITY CHINA FUND LIMITED

DEFINITIONS, continued

NAV	the net asset value of the Group or of an Ordinary Share (as the context requires) calculated in accordance with the investment valuation policy and the accounting policies of the Group from time to time
NOMAD & Broker	Canaccord
Official List	the Official List of the Financial Services Authority pursuant to Part VI of the Financial Services and Markets Act 2000, as amended from time to time
Opening NAV per Ordinary Share	the NAV at the beginning of a performance period (for the avoidance of doubt, after deducting the performance allocation accrued in any previous performance period) divided by the number of Ordinary Shares in issue at the time
Ordinary Shares or Shares	ordinary shares of no par value in the share capital of the Company
Placing	the placing of the Placing Shares which was completed on Admission
Placing Shares	the 100,000,000 Ordinary Shares allotted and sold pursuant to the Placing
PRC	the People's Republic of China
Prime Broker	Jefferies & Company Inc.
Registrar	Capita Registrars (Guernsey) Limited
RMB	renminbi, the lawful currency of the PRC
Shareholders	the shareholders of the Company
Treasury Shares	Ordinary Shares held in treasury by the Company
US	the United States of America
US\$	US dollars, the lawful currency of the US
£ o	pounds sterling, the lawful currency of the United Kingdom

VISION OPPORTUNITY CHINA FUND LIMITED

COMPANY INFORMATION

Directors: Christopher Fish (*Non-executive Independent Chairman*)
Dr Randolph Cohen (*Non-executive Director*), resigned 1 October 2010
David Benway (*Non-executive Director*)
John Hallam (*Non-executive Independent Director*)
Dr Christopher Polk (*Non-executive Independent Director*)
Ruiping Wang (*Non-executive Independent Director*)

Registered Office: Sarnia House
Le Truchot
St Peter Port
Guernsey, GY1 4NA

Administrator & Secretary Praxis Fund Services Limited
Sarnia House
Le Truchot
St Peter Port
Guernsey, GY1 4NA

Registrar: Capita Registrars (Guernsey) Limited
2nd Floor, No.1 Le Truchot
St Peter Port
Guernsey, GY1 4AE

Investment Manager: Vision Capital Advisors, LLC
20 West 55th Street
5th Floor
New York, NY10019
USA

Auditors: KPMG Channel Islands Limited
PO Box 20
New Street, St Peter Port
Guernsey, GY1 4AN

Nominated Adviser & Broker: Canaccord Genuity Limited
7th Floor, Cardinal Place
80 Victoria Street
London, SW1E 5JL

English Solicitors: Travers Smith LLP
10 Snow Hill
London, EC1A 2AL

Guernsey Advocates: Mourant Ozannes
1 Le Marchant Street
St Peter Port
Guernsey, GY1 4HP

Custodian, Prime Broker & Banker: Jefferies & Company Inc.
520 Madison Avenue
12th Floor
New York, NY10022
USA

Company Number: 47999 (Registered in Guernsey)

Sources of Further Information:

The Ordinary Shares are quoted on AIM. Information updates are available on the Company's website, www.vocfund.com.

Key Dates:

Company's year end	30 September 2011
Annual results to be announced	December 2011
Company's half-year	31 March 2012
Interim results to be announced	May 2012

Frequency of NAV Publication:

The Company's NAV is released via a Regulatory Information Service weekly.