

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2012

or

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-35192

CHINA GROWTH EQUITY INVESTMENT LTD.

(Exact name of registrant as specified in its charter)

Cayman Islands

(State or other jurisdiction of
incorporation or organization)

N/A

(I.R.S. Employer
Identification No.)

A 12 Jianguomenwai Avenue

NCI Tower, Suite 1602

Beijing, PRC 100022

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **86-10-6569-3988**

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 11, 2012, the outstanding number of shares of the registrant's common stock, par value \$0.01 per share, was 6,250,000 .

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this report, and the information incorporated by reference herein, which reflect our current views with respect to future events and financial performance, and any other statements of a future or forward-looking nature, constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements give current expectations or forecasts of future events. Our forward-looking statements include, but are not limited to, statements regarding our expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intends,” “may,” “might,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “would” and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements in this report may include, for example, statements about:

- our ability to complete our initial business combination;
- our potential ability to obtain additional financing to complete our initial business combination;
- our pool of prospective target businesses;
- the ability of our officers and directors to generate a number of potential investment opportunities;
- our public securities’ limited liquidity and trading;
- the use of proceeds not held in the trust account or available to us from interest income on the trust account balance; or
- our financial performance.

The forward-looking statements contained or incorporated by reference in this report are based on our current expectations and beliefs concerning future developments and their potential effects on us and speak only as of the date of such statement. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading “Risk Factors.” Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

References in this report to “we,” “us” or “our company” refer to China Growth Equity Investment Ltd. References in this report to our “public shares” are to our ordinary shares sold as part of the units in our initial public offering (whether they are purchased in our initial public offering or thereafter in the open market) and references to “public stockholders” refer to the holders of our public shares, including our initial stockholders (as defined below) to the extent our initial stockholders purchased public shares, provided that each initial stockholder’s status as a “public stockholder” shall only exist with respect to such public shares.

CHINA GROWTH EQUITY INVESTMENT LTD.

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**CHINA GROWTH EQUITY INVESTMENT LTD.
(A Development Stage Company)**

Condensed Balance Sheets

	March 31, 2012 (Unaudited)	December 31, 2011
	<u> </u>	<u> </u>
ASSETS		
Current assets:		
Cash	\$ 85,887	\$ 134,028
Investments held in trust at amortized cost	50,258,937	50,255,577
Advances to Affiliate	265,931	382,830
Prepaid expenses	129,375	100,844
	<u> </u>	<u> </u>
Total assets	<u>\$ 50,740,130</u>	<u>\$ 50,873,279</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accrued expenses	\$ 5,244	\$ 11,500
Deferred underwriter's fee	2,250,000	2,250,000
Due to shareholders	206	206
	<u> </u>	<u> </u>
Total liabilities	<u>2,255,450</u>	<u>2,261,706</u>
Maximum ordinary shares, subject to possible redemption 4,326,834 and 4,339,460 shares stated at conversion value, respectively	<u>43,484,679</u>	<u>43,611,572</u>
Shareholders' equity:		
Ordinary shares, \$.001 par value Authorized 60,000,000 shares; 6,250,000 and 6,250,000 shares issued and outstanding respectively	1,922	1,909
Additional paid-in capital	5,459,940	5,333,060
Deficit accumulated during the development stage	<u>(461,861)</u>	<u>(334,968)</u>
Total shareholders' equity	<u>5,000,001</u>	<u>5,000,001</u>
Total liabilities and shareholders' equity	<u>\$ 50,740,130</u>	<u>\$ 50,873,279</u>

The accompanying notes are an integral part of these unaudited condensed financial statements

CHINA GROWTH EQUITY INVESTMENT LTD.
(A Development Stage Company)

Condensed Statements of Operations
(unaudited)

	For the three months ended March 31, 2012	For the three months ended March 31, 2011	For the period from January 18, 2010 (Inception) to March 31, 2012
Formation and operating costs	\$ (130,682)	\$ (8,631)	\$ (452,005)
Interest income	3,360	-	8,937
Interest expense	-	(3,317)	(19,900)
Other income	429	-	1,107
Net loss	<u>\$ (126,893)</u>	<u>\$ (11,948)</u>	<u>\$ (461,861)</u>
Weighted average shares outstanding	<u>6,250,000</u>	<u>1,878,333</u>	
Basic and diluted net loss per share	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	

The accompanying notes are an integral part of these unaudited condensed financial statements

CHINA GROWTH EQUITY INVESTMENT LTD.
(A Development Stage Company)

Condensed Statement of Shareholders' Equity
For the Period January 18, 2010 (Inception) to March 31, 2012
(unaudited)

	<u>Ordinary Shares</u>		<u>Additional Paid-in Capital</u>	<u>Deficit Accumulated During the Development</u>	<u>Shareholders'</u>
	<u>Shares</u>	<u>Amount</u>		<u>Stage</u>	<u>Equity</u>
Ordinary shares issued at inception	1,955,000	\$ 1,955	\$ 23,045	\$ -	\$ 25,000
Interest on shareholder loan	-	-	19,900	-	19,900
Net loss	-	-	-	(23,409)	(23,409)
Balance at December 31, 2010	1,955,000	1,955	42,945	(23,409)	21,491
Forfeiture of Initial Shareholders' shares	(517,500)	(518)	518	-	-
Proceeds from initial public offering net of offering costs and underwriter discounts of \$4,073,359	5,000,000	5,000	45,921,641	-	45,926,641
Proceeds from sale of warrants in private placement	-	-	2,975,000	-	2,975,000
Proceeds subject to maximum conversion of 4,367,578 shares	-	(4,368)	(43,889,791)	-	(43,894,159)
Decrease of 28,118 shares subject to possible conversion at December 31, 2011	-	28	282,559	-	282,587
Forfeiture of 187,500 Initial Shareholders' shares due to expiration of underwriters' over-allotment option	(187,500)	(188)	188	-	-
Net loss	-	-	-	(311,559)	(311,559)
Balance at December 31, 2011	6,250,000	1,909	5,333,060	(334,968)	5,000,001
Decrease of 12,626 shares subject to possible conversion at March 31, 2012	-	13	126,880	-	126,893
Net loss	-	-	-	(126,893)	(126,893)
Balance at March 31, 2012	<u>6,250,000</u>	<u>\$ 1,922</u>	<u>\$ 5,459,940</u>	<u>\$ (461,861)</u>	<u>\$ 5,000,001</u>

The accompanying notes are an integral part of these unaudited condensed financial statements

CHINA GROWTH EQUITY INVESTMENT LTD.
(A Development Stage Company)

Condensed Statement of Cash Flows
(unaudited)

	For the three months ended March 31, 2012	For the three months ended March 31, 2011	For the period from January 18, 2010 (Inception) to March 31, 2012
Cash flows from operating activities			
Net loss	\$ (126,893)	\$ (11,948)	\$ (461,861)
Adjustment to reconcile net loss to net cash used in operating activities			
Interest expense on shareholder loan	-	3,317	19,900
Foreign exchange gain	(417)	-	(1,049)
Discount amortization	(1,657)	-	(1,657)
Changes in operating assets and liabilities			
Advance to affiliate	117,316	-	(264,882)
Deferred offering costs	-	(126,503)	-
Prepaid expenses	(28,531)	1,098	(129,375)
Accrued expenses	(6,256)	113,883	5,244
Due to shareholders	-	-	206
Net cash used in operating activities	<u>(46,438)</u>	<u>(20,153)</u>	<u>(833,474)</u>
Cash flows from investing activities			
Interest reinvested in the trust account	(1,703)	-	(7,280)
Funds placed in trust account from the initial public offering	-	-	(50,250,000)
Net cash used in investing activities	<u>(1,703)</u>	<u>-</u>	<u>(50,257,280)</u>
Cash flows from financing activities			
Proceeds from sale of ordinary shares to founding Shareholders	-	-	25,000
Proceeds from initial public offering	-	-	50,000,000
Proceeds from private placement of insider warrants	-	-	2,975,000
Payment of underwriters fees and offering costs	-	-	(1,823,359)
Proceeds from shareholder loan	-	-	200,000
Repayment of shareholder loan	-	-	(200,000)
Net cash provided by financing activities	<u>-</u>	<u>-</u>	<u>51,176,641</u>
Net (decrease) increase in cash	<u>(48,141)</u>	<u>(20,153)</u>	<u>85,887</u>
Cash at beginning of period	<u>134,028</u>	<u>167,374</u>	<u>-</u>
Cash at end of period	<u>\$ 85,887</u>	<u>\$ 147,221</u>	<u>\$ 85,887</u>
Supplemental disclosure of non-cash financing activities			
Deferred underwriters' commission included in proceeds from IPO	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,250,000</u>

The accompanying notes are an integral part of these unaudited condensed financial statements

NOTES TO FINANCIAL STATEMENTS

Note 1 — Organization and Plan of Business Operations

China Growth Equity Investment Ltd. (the “Company”) is a Cayman Islands limited life exempted company organized as a blank check company for the purpose of acquiring, through a merger, share exchange, asset acquisition, plan of arrangement, recapitalization, reorganization or similar business combination, an operating business, or control of an operating business through contractual arrangements, that has its principal business and/or material operations located in the People’s Republic of China.

The registration statement for the Company’s initial public offering (the “Offering”) was declared effective May 26, 2011. The Company consummated the Offering on June 2, 2011 and received net proceeds of \$51,151,641, which included \$2,250,000 in deferred underwriter’s fees, and \$2,975,000 from the private placement sale of Insider Warrants (Note 3). The Company’s management has broad discretion with respect to the specific application of the net proceeds of this Offering, although substantially all of the net proceeds of this Offering are intended to be generally applied toward consummating a business combination with an operating business that has its principal business and/or material operations located in the People’s Republic of China (“Business Combination”). Furthermore, there is no assurance that the Company will be able to successfully effect a Business Combination. Upon the closing of the Offering, management has agreed that at least \$10.05 per unit sold in the Offering will be held in a trust account (“Trust Account”) and invested in U.S. “government securities” within the meaning of Section 2(a)(16) of the Investment Company Act of 1940 having a maturity of 180 days or less or in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act of 1940 until the earlier of (i) the consummation of its first Business Combination and (ii) liquidation of the Company. The placing of funds in the Trust Account may not protect those funds from third party claims against the Company. Although the Company will seek to have all vendors, prospective target businesses and other entities it engages execute agreements with the Company waiving any right, title, interest or claim of any kind in or to any monies held in the Trust Account, there is no guarantee that they will execute such agreements. In order to protect the amounts held in the Trust Account, the Company’s officers and directors have agreed to indemnify the Company for claims of creditors, vendors, service providers and target businesses who have not executed a valid and binding waiver of their right to seek payment of amounts due to them out of the Trust Account. The only obligations not covered by such indemnity are with respect to claims of creditors, vendors, service providers and target businesses that have executed a valid and binding waiver of their right to seek payment of amounts due to them out of the Trust Account. The remaining net proceeds (not held in the Trust Account) may be used to pay for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses. Additionally, the interest income earned on the Trust Account may be released to the Company to fund working capital and to pay the Company’s tax obligations.

The Company will provide shareholders with the opportunity to redeem their public shares for cash equal to a pro-rata share of the aggregate amount then on deposit in the Trust Account, less franchise and income taxes payable, upon the consummation of the initial business combination, subject to the limitations described herein. The initial shareholders have agreed to waive their redemption rights with respect to their founder shares and any public shares they may hold in connection with the consummation of a business combination. The founder shares will be excluded from the pro rata calculation used to determine the per-share redemption price. Unlike many other blank check companies that hold shareholder votes and conduct proxy solicitations in conjunction with their initial business combinations and provide for related redemptions of public shares for cash upon consummation of such initial business combinations even when a vote is not required by law, the Company intends to consummate the initial business combination and conduct the redemptions without a shareholder vote pursuant to Rule 13e-4 and Regulation 14E of the Exchange Act, which regulate issuer tender offers, and file tender offer documents with the SEC. The tender offer documents will contain substantially the same financial and other information about the initial business combination and the redemption rights as is required under Regulation 14A of the Exchange Act, which regulates the solicitation of proxies. In the event the Company conducts redemptions pursuant to the tender offer rules, the Company’s offer to redeem shares shall remain open for at least 20 business days, in accordance with Rule 14e-1(a) under the Exchange Act. If, however, a shareholder vote is required by law, or the company decides to hold a shareholder vote for business or other legal reasons, the company will, like other blank check companies, offer to redeem shares in conjunction with a proxy solicitation pursuant to the proxy rules and not pursuant to the tender offer rules. If the Company seeks shareholder approval, it will consummate a business combination only if a majority of the outstanding ordinary shares voted are voted in favor of the business combination. In such case, the initial shareholders have agreed to vote their founder shares in accordance with the majority of the votes cast by the public shareholders and to vote any public shares purchased during or after this offering in favor of the initial business combination.

The Company’s Memorandum and Articles of Association provides that the Company will continue in existence only until 21 months from the consummation of the Offering, which is February 26, 2013.

Note 2 — Significant Accounting Policies

Basis of Presentation

The accompanying condensed financial statements of the Company have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of the Company's management, the accompanying condensed financial statements contain all adjustments (consisting of normal recurring accruals and adjustments) necessary to present fairly the financial position, results of operations and cash flows of the Company at the dates and for the periods indicated. The interim results for the period ended March 31, 2012 are not necessarily indicative of the results for the full 2012 fiscal year or any other future interim periods and should be read in conjunction with the financial statements and notes included in the Company's 10-K filed with the Securities and Exchange Commission on March 30, 2012.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Geographical Risk

The Company's operations, if a Business Combination is consummated outside the United States, will be subject to local government regulations and to the uncertainties of the economic and political conditions of those areas.

Investments Held in Trust

Investment securities consist of United States Treasury securities. The Company classifies its securities as held-to-maturity in accordance with Accounting Standards Codification ("ASC") 320 "*Investments - Debt and Equity Securities*." Held-to-maturity securities are those securities that the Company has the ability and intent to hold until maturity. Held-to-maturity treasury securities are recorded at amortized cost and adjusted for the amortization or accretion of premiums or discounts.

Premiums and discounts are amortized or accreted over the life of the related held-to-maturity security as an adjustment to yield using the effective-interest method. Such amortization and accretion is included in the "interest income" line item in the statements of operations. Interest income is recognized when earned.

Income Taxes

The Company was incorporated as a Cayman Island exempted company and therefore the Company is not currently subject to income tax. Upon consummation of an acquisition as contemplated, the Company may be subject to income tax depending on the jurisdiction of the merged entity's operations.

Redeemable Common Stock

The Company accounts for redeemable common stock in accordance with ASC 480-10-S99-3A "*Classification and Measurement of Redeemable Securities*" which provides that securities that are redeemable for cash or other assets are classified outside of permanent equity if they are redeemable at the option of the holder. In addition, if the redemption causes a liquidation event, the redeemable securities should not be classified outside of permanent equity.

Although the Company does not specify a maximum redemption threshold, its Amended and Restated Articles of Incorporation provides that in no event will the Company redeem its public shares in an amount that would cause its shareholders' equity to be less than \$5,000,001. The Company recognizes changes in the redemption value immediately as they occur and adjusts the carrying value of the redeemable common stock to equal its redemption value at the end of each reporting period. Increases or decreases in the carrying amount of redeemable common stock shall be affected by charges against paid-in capital. Accordingly, 4,326,834 and 4,339,460 shares of common stock sold in the offering are classified outside of permanent equity at redemption value as of March 31, 2012 and December 31, 2011, respectively.

Basic and Diluted Loss per Share

Basic loss per share is computed by dividing net income by the weighted-average number of ordinary shares outstanding during the period. Diluted loss per share is computed similarly to basic loss per share except that the denominator is increased to include the number of additional ordinary shares that would have been outstanding if the potential ordinary shares had been issued and if the additional ordinary shares were dilutive. For the three months ended March 31, 2012 and the period from January 18, 2010 (inception) to March 31, 2012, 8,966,667 warrants to purchase ordinary shares have been excluded from the computation of potentially dilutive securities as they are antidilutive.

The 1,955,000 ordinary shares issued to the Company's Initial Shareholders, of which 1,250,000 remain outstanding, were issued for \$25,000, which is considerably less than the Offering per share price; such shares have been assumed to be retroactively outstanding for the period since inception.

Note 3 — Initial Public Offering

On June 2, 2011, the Company sold 5,000,000 Units, at an Offering price of \$10.00 per unit (the “Offering”), generating gross proceeds of \$50,000,000. Each Unit consists of one ordinary share, \$0.001 par value, of the Company and one Redeemable Purchase Warrant (“Warrant”). Each Warrant will entitle the holder to purchase from the Company one ordinary share at an exercise price of \$12.00 commencing upon the completion of a Business Combination and expiring five years from the consummation of a Business Combination. The Company may redeem the Warrants, at a price of \$.01 per Warrant upon 30 days’ notice while the Warrants are exercisable, only in the event that the last sale price of the ordinary shares is at least \$18.00 per share for any 20 trading days within a 30 trading day period ending on the third day prior to the date on which notice of redemption is given. In accordance with the warrant agreement relating to the Warrants to be sold and issued in the Offering, the Company is only required to use its best efforts to maintain the effectiveness of the registration statement covering the Warrants. The Company will not be obligated to deliver securities, and there are no contractual penalties for failure to deliver securities, if a registration statement is not effective at the time of exercise. Additionally, in the event that a registration is not effective at the time of exercise, the holder of such Warrant shall not be entitled to exercise such Warrant and in no event (whether in the case of a registration statement not being effective or otherwise) will the Company be required to net cash settle the warrant exercise. Consequently, the Warrants may expire unexercised and unredeemed.

In connection with the Offering the Company granted the underwriters a 45-day option to purchase up to 750,000 additional Units solely to cover over-allotments. On July 28, 2011 the underwriters did not exercise the over-allotment option and it expired.

The total underwriting fee will be 7.0%; 2.5% was paid upon completion of the Offering and 4.5% comprised of (1) 2.25% of the gross proceeds of the Offering reduced by the aggregate redemption price of the public shares redeemed in connection with the consummation of the Company’s initial Business Combination, up to \$1,125,000 will be automatically released to the underwriters upon completion of the Company’s initial Business Combination, and (2) up to 2.25% of the gross proceeds of this offering, up to a maximum of \$1,125,000 payable to the underwriters at the Company’s sole discretion.

On June 2, 2011, certain of the initial stockholders purchased an aggregate of 3,966,667 warrants (the “Insider Warrants”) from the Company in a private placement pursuant to the exemption from registration contained in Section 4(2) of the Securities Act of 1933, as amended. The Insider Warrants were sold for a total purchase price of \$2,975,000 or \$0.75 per warrant. The private placement took place simultaneously with the consummation of the Offering. All of the proceeds received from this purchase were placed into the Trust Account. The Insider Warrants are identical to the Warrants in the Offering except that the Insider Warrants may be exercisable for cash or on a cashless basis, at the holder’s option, and will not be redeemable by the Company, in each case so long as such securities are held by the Insiders or their affiliates. Additionally, all Insiders have waived their rights to receive distributions upon the Company’s liquidation prior to a Business Combination with respect to the Insider Shares. Furthermore, all Insiders have agreed that the Insider Warrants will not be sold or transferred until 30 days after the Company has completed its initial Business Combination.

Note 4 — Investments Held in Trust

Substantially all of the net proceeds from the Offering are intended to be generally applied toward the Business Combination. Management agreed to place the net proceeds from the Offering into the Trust Account until the earlier of (i) the completion of a Business Combination and (ii) liquidation of the Company. The placing of funds in the Trust Account may not protect those funds from third party claims against the Company. Although the Company will seek to have all vendors, prospective target businesses or other entities it engages execute agreements with the Company waiving any right in or to any monies held in the Trust Account, there is no guarantee that they will execute such agreements.

A total of \$50,250,000, which includes \$47,275,000 of the net proceeds from the Public Offering and \$2,975,000 from the private placement, was placed in the Trust Account.

As of March 31, 2012, investment securities in the Company’s Trust Account consist of \$50,258,937 in U.S. government treasury bills (the “T-Bills”) with a maturity of May 31, 2012 and \$362 of cash. The carrying amount, excluding accrued interest income, gross unrealized holding losses and fair value of held-to-maturity securities at March 31, 2012 are as follows:

	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
Cash	\$ 362	\$ —	\$ —	\$ 362
Held-to-Maturity:				
United States Treasury Securities	50,258,575	—	1,099	50,257,476
Total Investments Held in Trust	<u>\$ 50,258,937</u>	<u>\$ —</u>	<u>\$ 1,099</u>	<u>\$ 50,257,838</u>

The Company has earned \$7,280 in interest income since the closing of the Offering, all of which is reinvested, along with the proceeds, in three-month T-Bills with a maturity date of May 31, 2012.

Note 5 — Related Party Transactions

The Company entered into an unsecured promissory note with an officer of the Company in an aggregate principal amount of \$200,000. The note did not bear interest and was payable upon the completion of the Offering. \$19,900 of interest was imputed on the note at 7% and charged to additional paid-in capital. The discount was amortized to interest expense on a monthly basis. Interest expense for the three months ended March 31, 2012 and 2011 and the period from January 18, 2010 (inception) to March 31, 2012 was \$0, \$3,317 and \$19,900, respectively. The loan was repaid in full in June 2011 with proceeds from the Offering.

The Company has agreed to pay Chum Capital Group Limited (“Chum”) a total of \$10,000 per month for office space, utilities, secretarial and general and administrative services for a period commencing June 2, 2011 and ending on the earlier of the consummation by the Company of an initial Business Combination or the Company’s liquidation. Chum Capital Group Limited is an affiliate of Xuesong Song, Jin Shi and Michael W. Zhang, the Company’s executives. Total expenses related to office space, utilities, secretarial and general and administrative services for the three months ended March 31, 2012 was \$30,000.

On October 15, 2011, the Company’s Board of Directors authorized it to advance \$390,000 to Chum in order to reduce potential losses incurred by Chinese currency appreciation against the U.S. dollar. The advance will be used to fund the operating expenses of the Company. For the three months ended March 31, 2012 and 2011 and the period from January 18, 2010 (inception) to March 31, 2012, Chum paid \$117,316, \$0 and \$117,316 in expenses on behalf of the Company. For the three months ended March 31, 2012 and 2011 and the period from January 18, 2010 (inception) to March 31, 2012, the Company recognized a foreign exchange gains of \$417, \$0, and \$1,049 on the advance which is recorded in other income on the condensed statement of operations. As of March 31, 2012 the Company has a receivable of \$265,931 from Chum.

Note 6 — Fair Value Measurements

The Company defines fair value as the amount at which an asset (or liability) could be bought (or incurred) or sold (or settled) in a current transaction between willing parties, that is, other than in a forced or liquidation sale.

The accounting standard regarding fair value measurements discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). The standard utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

- Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs that reflect the reporting entity’s own assumptions.

The Company has no assets or liabilities carried at fair value on a recurring basis or assets carried at fair value on a non-recurring basis as of March 31, 2012.

As of March 31, 2012, \$50,257,476 of the Company’s investment held in trust was invested exclusively in obligations of the U.S. government issued or guaranteed by the U.S. Treasury with the remaining amount held in cash. The Company accounts for these investments as held-to-maturity securities, which are recorded on the balance sheet at amortized cost and classified as either short term or long term based on the contractual maturity. The fair values of the Company’s investments U.S. Treasury bills are determined through observable quoted active markets and the fair value approximates carrying value due to the short term nature. As of March 31, 2012 there was an unrealized loss of \$1,099 on investments held in trust. The securities mature in May 2012.

Note 7 — Shareholder’s Equity

Preferred Stock

The Company is authorized to issue up to 5,000,000 shares of preferred stock, par value \$0.001 per share. As of March 31, 2012 no shares of preferred stock were issued or outstanding.

Ordinary Shares

The Company is authorized to issue up to 60,000,000 ordinary shares, par value \$0.001 per share. The holders of the ordinary shares are entitled to one vote for each ordinary share.

At inception, the Company’s initial shareholders were granted 1,955,000 ordinary shares, of which 225,000 were subject to forfeiture to the extent that the underwriters’ over-allotment option was not exercised in full.

In March and May 2011, the Company's initial shareholders forfeited, and the Company cancelled, 517,500 ordinary shares.

On July 28, 2011, the Company's initial shareholders forfeited, and the Company cancelled, 187,500 shares in connection with the expiration of the underwriters' over-allotment option.

As of March 31, 2012, 6,250,000 ordinary shares were issued and outstanding. An additional 367,647 founder shares are subject to forfeiture by the Company's initial shareholders to the extent that certain share price targets are not achieved for any 20 trading days within at least one 30-trading day period within 36 months following the closing of the Company's initial business combination.

As of March 31, 2012, there were 8,966,667 shares of common stock reserved for issuance upon exercise of the Company's outstanding warrants.

Note 8 — Commitments

The holders of the Company's initial shares issued and outstanding as well as the holders of the Insider Warrants (and underlying securities), will be entitled to registration rights. The holders of the majority of these securities are entitled to make up to two demands, excluding short form demands, that the Company register such securities. In addition, the holders have certain "piggy-back" registration rights with respect to registration statements filed subsequent to the consummation of the Company's initial Business Combination. However, the registration rights agreement provides that the Company will not permit any registration statement filed under the Securities Act to become effective until termination of the applicable lock-up period, which occurs (i) in the case of the founder shares, upon the earlier of (1) one year after the completion of our initial business combination and (2) the date on which the Company consummates a liquidation, merger, share exchange or other similar transaction after its initial Business Combination that results in all of our shareholders having the right to exchange their ordinary shares for cash, securities or other property, and (ii) in the case of the insider warrants and the respective ordinary shares underlying such warrants, 30 days after the completion of the Company's initial Business Combination. Notwithstanding the foregoing, in the event the sales price of the Company's shares reaches or exceeds \$12.00 for any 20 trading days within any 30-trading day period during such one year period, 50% of the founder shares shall be released from the lock-up and, if the sales price of our shares reaches or exceeds \$15.00 for any 20 trading days within any 30-trading day period during such one year period, the remaining 50% of the founder shares shall be released from the lock-up. In addition, the initial shareholders have agreed not to, subject to certain limited exceptions, transfer, assign or sell any of the insider warrants (including the ordinary shares issuable upon exercise of the insider warrants) until 30 days after the completion of the Company's initial Business Combination. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

References to the "Company," "us" or "we" refer to China Growth Equity Investment Ltd. The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the condensed financial statements and the notes thereto contained elsewhere in this report. Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties.

Special Note Regarding Forward-Looking Statements

All statements other than statements of historical fact included in this Form 10-Q including, without limitation, statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding the Company's financial position, business strategy and the plans and objectives of management for future operations, are forward-looking statements. When used in this Form 10-Q, words such as "anticipate," "believe," "estimate," "expect," "intend" and similar expressions, as they relate to us or the Company's management, identify forward-looking statements. Such forward-looking statements are based on the beliefs of management, as well as assumptions made by, and information currently available to, the Company's management. Actual results could differ materially from those contemplated by the forward-looking statements as a result of certain factors detailed in our filings with the SEC. All subsequent written or oral forward-looking statements attributable to us or persons acting on the Company's behalf are qualified in their entirety by this paragraph.

Overview

We are a newly organized blank check company formed on January 18, 2010 for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses. We are not limited to a particular industry or minimum transaction value for purposes of consummating a Business Combination. In addition, we will not effect a business combination with another blank check company or a similar company with nominal operations.

Results of Operations

Through March 31, 2012, our efforts have been limited to organizational activities, activities relating to our Offering, identifying and evaluating prospective acquisition candidates and general corporate matters. We have not generated any revenues, other than interest income earned on the proceeds held in the Trust Account. As of March 31, 2012, \$50,258,937 was held in the Trust Account (including \$2,250,000 of deferred underwriting discounts and commissions and \$2,975,000 from the sale of the Insider Warrants). In addition we have cash outside of trust of \$85,887 and advances to affiliate of \$265,931 available to pay operating expenses. Through March 31, 2012, the Company had not withdrawn any funds from interest earned on the Trust Account proceeds. Other than the deferred underwriting discounts and commissions, no amounts are payable to the underwriters of our Offering in the event of a business combination. For the period from January 18, 2010 (inception) through March 31, 2012, we had a net loss of \$461,861.

We have agreed to pay Chum Capital Group, an entity owned and controlled by the Company's Chairman and Chief Financial Officer, a total of \$10,000 per month for office space, administrative services and secretarial support. For three months ended March 31, 2012 and 2011 and the period from January 18, 2010 (inception) to March 31, 2012 the Company has incurred \$30,000, \$0 and \$100,000 for these costs.

Liquidity and Capital Resources

As of March 31, 2012, we had cash of \$85,887, \$265,931 in advances to affiliate and \$50,258,937 in investments held in trust. Until the consummation of the Offering the Company's only source of liquidity was the initial purchase of Founder Shares by the Sponsor and an unsecured promissory note with an officer of the Company.

On June 2, 2011, we consummated the Company's Offering of 5,000,000 units at a price of \$10.00 per unit. Simultaneously with the consummation of the Company's Public Offering, we consummated the private sale of 3,966,667 Insider Warrants for \$2,975,000 in proceeds. We received net proceeds from the Company's Offering and the sale of the Insider Warrants of approximately \$51,151,641, net of the non-deferred portion of the underwriting commissions of \$1,250,000 and offering costs and other expenses of approximately \$573,359.

We will depend on sufficient interest being earned on the proceeds held in the Trust Account to provide us with additional working capital we may need to identify one or more target businesses, conduct due diligence and complete our initial business combination, as well as to pay any franchise and income taxes that we may owe. As described elsewhere in this Report, the amounts in the Trust Account may be invested only in U.S. government treasury bills with a maturity of 180 days or less or in money market funds meeting certain conditions under Rule 2a-7 under the Investment Company Act. The current low interest rate environment may make it more difficult for such investments to generate sufficient funds, together with the amounts available outside the Trust Account, to locate, conduct due diligence, structure, negotiate and close our Initial Business Combination. If we are required to seek additional capital, we would need to borrow funds from our Sponsor or management team to operate or may be forced to liquidate. Neither our Sponsor nor our management team is under any obligation to advance funds to us in such circumstances. Any such loans would be repaid only from funds held outside the Trust Account or from funds released to us upon completion of our Initial Business Combination. If we are unable to complete our Initial Business Combination because we do not have sufficient funds available to us, we will be forced to cease operations and liquidate the Trust Account.

Off-balance sheet financing arrangements

We have no obligations, assets or liabilities which would be considered off-balance sheet arrangements. We do not participate in transactions that create relationships with unconsolidated entities or financial partnerships, often referred to as variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements.

We have not entered into any off-balance sheet financing arrangements, established any special purpose entities, guaranteed any debt or commitments of other entities, or entered into any non-financial assets.

Contractual obligations

We do not have any long-term debt, capital lease obligations, operating lease obligations or long-term liabilities other than a monthly fee of \$10,000 for office space, administrative services and secretarial support payable to Chum Capital Group, an entity owned and controlled by the Company's Chairman and Chief Financial Officer. We began incurring this fee on June 2, 2011 and will continue to incur this fee monthly until the earlier of the completion of the Business Combination and the Company's liquidation.

Recent accounting pronouncements

Management does not believe that any recently issued, but not effective, accounting standards, if currently adopted, would have a material effect on the Company's financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We were incorporated in Cayman Island on January 18, 2010 for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more operating businesses. We were considered in the development stage at March 31, 2012 and had not yet commenced any operations. All activity through March 31, 2012 relates to our formation, our Public Offering and seeking a target business.

The net proceeds from our initial public offering, including the amounts held in the trust account may be invested in United States government securities within the meaning of Section 2(a)(16) of the Investment Company Act of 1940, having a maturity of 180 days or less, or in money market funds meeting conditions under Rule 2a-7 under the Investment Company Act, until the earlier of (i) consummation of an initial business combination, or (ii) liquidation of the Company. These funds are currently invested in U.S. government treasury bills having a maturity of three months or less.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in company reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2012. Based upon their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15 (e) and 15d-15 (e) under the Exchange Act) were not effective as of March 31, 2012 due to the material weakness described below and previously reported in Item 9A of the Company's Annual Report on Form 10-K for the year ended December 31, 2011.

As described in Item 9A of our Annual Report on Form 10-K for the year ended December 31, 2011, management identified a material weakness relating to the fact that we create, review and process financial data without internal independent review due to our limited operations and personnel. This material weakness still exists and caused management to conclude that, as of March 31, 2012, the Company's disclosure controls and procedures were ineffective. Due to the Company's limited operations and limited life, management does not expect that this material weakness will be remediated.

Notwithstanding management's assessment that our disclosure controls and procedures were ineffective as of March 31, 2012 due to the material weakness described above, we believe that the financial statements included in this Quarterly Report on Form 10-Q present fairly our financial condition, results of operations and cash flows for the periods covered thereby in all material respects.

During the most recently completed fiscal quarter, there has been no change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

Factors that could cause our actual results to differ materially from those in this report are any of the risks described in our prospectus dated May 26, 2011 filed with the SEC. Any of these factors could result in a significant or material adverse effect on our results of operations or financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business or results of operations. As of the date of this Report, there have been no material changes to the risk factors disclosed in our prospectus dated May 26, 2011 filed with the SEC, except we may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In January 2010, our Sponsor purchased 1,955,000 Founder Shares of our common stock for an aggregate purchase price of \$25,000, or approximately \$0.01 per share. Subsequently, in March and May 2011, our initial shareholders forfeited, and we cancelled, 517,500 ordinary shares. On July 28, 2011 the Company's initial shareholders forfeited, and the Company cancelled, 187,500 shares in connection with the expiration of the underwriters' over-allotment option.

The securities described in the preceding paragraph were issued in connection with our organization pursuant to the exemption from registration contained in Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act"), as they were sold to accredited investors.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report on Form 10-Q.

Exhibit

- | | |
|------|---|
| 31.1 | Certification of the Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a). |
| 31.2 | Certification of the Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a). |
| 32 | Certification of the Chief Executive Officer and Chief Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. 1350. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CHINA GROWTH EQUITY INVESTMENT LTD.

Date: May 15, 2012	(Registrant) By:	<u>/s/ Jin Shi</u> Jin Shi Director and Chief Executive Officer
Date: May 15, 2012	By:	<u>/s/ Xuesong Song</u> Xuesong Song Chairman and Chief Financial Officer

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jin Shi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (the "report") of China Growth Equity Investment Ltd.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15 (f) and 15d-15 (f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2012

By: /s/ Jin Shi
Jin Shi
Director and Chief Executive Officer

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Xuesong Song, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (the "report") of China Growth Equity Investment Ltd;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15 (e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15 (f) and 15d-15 (f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2012

By: /s/ Xuesong Song
Xuesong Song
Chairman and Chief Financial Officer

**Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of
2002, 18 U.S.C. Section 1350**

Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350

The undersigned, Jin Shi and Xuesong Song, in their capacities as Chief Executive Officer and Chief Financial Officer, respectively, of China Growth Equity Investment Ltd. (the "Registrant") do each hereby certify with respect to the Quarterly Report on Form 10-Q of the Registrant for the period ended September 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant as of, and for, the periods presented in this Report.

Date: May 15, 2012

/s/ Jin Shi

Jin Shi
Director and Chief Executive Officer

Date: May 15, 2012

/s/ Xuesong Song

Xuesong Song
Chairman and Chief Financial Officer
