



中國保綠資產投資有限公司

China Gogreen Assets Investment Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 397)

Interim Report 2012



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Bai Liang (*Chairman*)
Mr. Siu Kam Chau
Mr. Lawrence Tang
Mr. Xue Feng

Independent Non-executive Directors

Mr. Chan Chi Yuen
Mr. Chik Chi Man
Mr. Yu Chun Fai

AUDIT COMMITTEE

Mr. Chan Chi Yuen (*Chairman*)
Mr. Chik Chi Man
Mr. Yu Chun Fai

REMUNERATION COMMITTEE

Mr. Yu Chun Fai (*Chairman*)
Mr. Chan Chi Yuen
Mr. Chik Chi Man

NOMINATION COMMITTEE

Mr. Chik Chi Man (*Chairman*)
Mr. Chan Chi Yuen
Mr. Yu Chun Fai

COMPANY SECRETARY

Mr. Lam Chun Kei

AUDITORS

HLB Hodgson Impey Cheng Limited
Chartered Accountants
Certified Public Accountants
31st Floor, Gloucester Tower
The Landmark
11 Pedder Street, Central
Hong Kong

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Workshop No.16, 9th Floor
Corporation Park
No.11 On Lai Street
Shatin, New Territories
Hong Kong

PRINCIPAL BANKERS

Dah Sing Bank Limited
Bank of China (Hong Kong) Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group
(Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26/F, Tesbury Centre
28 Queen's Road East
Hong Kong

WEBSITE

www.chinagogreen.com.hk

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2012:

- The Group recorded revenue of approximately HK\$13,373,000 (for the six months ended 30 June 2011: approximately HK\$32,605,000).
- Loss attributable to owners of the Company amounted to approximately HK\$351,421,000 (for the six months ended 30 June 2011: approximately HK\$276,818,000). Such loss was mainly attributable to unrealized losses arising on change in fair value of the Group's held-for-trading investments and impairment loss on property, plant and equipment. Such loss was non-cash in nature, and did not have any immediate impact on the cash flow nor business operations of the Group.
- The Board does not recommend the payment of an interim dividend.

At 30 June 2012:

- The Group held bank balances and cash of approximately HK\$159,462,000 (31 December 2011: approximately HK\$146,272,000).
- Net current assets amounted to approximately HK\$380,631,000 (31 December 2011: approximately HK\$592,643,000). Current ratio (defined as total current assets divided by total current liabilities) was 1.72 times (31 December 2011: 2.63 times).
- Net assets amounted to approximately HK\$952,521,000 (31 December 2011: approximately HK\$1,342,043,000).
- The Group had bank borrowings of approximately HK\$143,700,000 (31 December 2011: approximately HK\$115,900,000).

INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of China Gogreen Assets Investment Limited (“China Gogreen” or the “Company”) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2012 together with comparative figures for the corresponding period in 2011 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2012	2011
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
Gross proceeds from operations	3	152,134	115,545
Revenue	3	13,373	32,605
Cost of sales		(2,083)	(34,204)
Gross profit/(loss)		11,290	(1,599)
Other income		4,170	4,058
Employee benefits expense		(5,326)	(2,948)
Depreciation of property, plant and equipment		(32,440)	(515)
Loss arising on change in fair value of held- for-trading investments		(108,140)	(245,018)
Finance costs	5	(5,272)	(3,095)
Impairment loss on property, plant and equipment		(315,193)	–
Share of results of an associate		(3,483)	(2,664)
Write down on inventories		(2,400)	(17,165)
Selling and distribution expenses		(1,089)	(734)
Other operating expenses		(16,570)	(16,371)
Loss before tax		(474,453)	(286,051)
Income tax expense	6	(873)	–
Loss for the period	7	(475,326)	(286,051)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
Notes	HK\$'000	HK\$'000
Other comprehensive (expense)/income		
Exchange differences on translating foreign operations	(943)	12,438
Total comprehensive expense for the period	(476,269)	(273,613)
Loss attributable to:		
Owners of the Company	(351,421)	(276,818)
Non-controlling interests	(123,905)	(9,233)
	(475,326)	(286,051)
Total comprehensive expense attributable to:		
Owners of the Company	(352,364)	(267,061)
Non-controlling interests	(123,905)	(6,552)
	(476,269)	(273,613)
Loss per share		
- Basic (HK cents per share)	9	(3.96)
- Diluted (HK cents per share)	9	(3.96)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2012 (Unaudited) HK\$'000	At 31 December 2011 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment		456,478	719,805
Investment properties		97,900	97,900
Goodwill		2,941	2,941
Interest in an associate		20,390	13,873
		577,709	834,519
Current assets			
Inventories		6,900	11,190
Trade and other receivables	10	100,765	33,037
Value-added tax refundable		27,173	14,312
Amount due from an associate		77,138	104,138
Held-for-trading investments		536,728	594,380
Bank balances and cash		159,462	146,272
		908,166	903,329
Assets classified as held for sale		-	52,500
		908,166	955,829
Current liabilities			
Amounts due to non-controlling interests		42,700	42,700
Trade and other payables	11	157,578	99,709
Amount payable for acquisition of property, plant and equipment		182,634	182,634
Tax payable		923	1,543
Bank borrowings		143,700	36,600
		527,535	363,186

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 30 June 2012 (Unaudited) HK\$'000	At 31 December 2011 (Audited) HK\$'000
Net current assets	380,631	592,643
Total assets less current liabilities	958,340	1,427,162
Non-current liabilities		
Deferred income	5,819	5,819
Bank borrowings	–	79,300
	5,819	85,119
Net assets	952,521	1,342,043
Capital and reserves		
Share capital	126,180	126,180
Reserves	783,467	1,151,387
Equity attributable to owners of the Company	909,647	1,277,567
Non-controlling interests	42,874	64,476
Total equity	952,521	1,342,043

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								Attributable to non-controlling interests	Total
	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Translation reserve	Share-based payments reserve	Retained earnings/ (accumulated losses)	Subtotal		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2011 (Audited)	136,155	1,194,328	861	311,790	8,673	34,485	132,371	1,818,663	139,306	1,957,969
Loss for the period	-	-	-	-	-	-	(276,818)	(276,818)	(9,233)	(286,051)
Exchange differences on translating foreign operations	-	-	-	-	9,757	-	-	9,757	2,681	12,438
Total comprehensive expense for the period	-	-	-	-	9,757	-	(276,818)	(267,061)	(6,552)	(273,613)
Transactions with owners:										
Issue of new shares by way of placement	4,000	26,000	-	-	-	-	-	30,000	-	30,000
At 30 June 2011 (Unaudited)	140,155	1,220,328	861	311,790	18,430	34,485	(144,447)	1,581,602	132,754	1,714,356
At 1 January 2012 (Audited)	126,180	1,168,025	861	311,790	26,392	27,444	(383,125)	1,277,567	64,476	1,342,043
Loss for the period	-	-	-	-	-	-	(351,421)	(351,421)	(123,905)	(475,326)
Exchange differences on translating foreign operations	-	-	-	-	(943)	-	-	(943)	-	(943)
Total comprehensive expense for the period	-	-	-	-	(943)	-	(351,421)	(352,364)	(123,905)	(476,269)
Transactions with owners:										
Lapse of share option previously recognized in share-based payments	-	-	-	-	-	(8,330)	8,330	-	-	-
Loss on deemed disposal of subsidiaries	-	-	-	-	-	-	(15,556)	(15,556)	15,556	-
Capital contributions from non-controlling interests	-	-	-	-	-	-	-	-	86,747	86,747
At 30 June 2012 (Unaudited)	126,180	1,168,025	861	311,790	25,449	19,114	(741,772)	909,647	42,874	952,521

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2012	2011
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Net cash used in operating activities	(82,599)	(322,360)
Net cash used in investing activities	(13,486)	(127,802)
Net cash generated from financing activities	109,275	169,640
Increase/(decrease) in cash and cash equivalents	13,190	(280,522)
Cash and cash equivalents at the beginning of period	146,272	601,497
Effect of foreign exchange rate changes	-	1,636
Cash and cash equivalents at the end of period	159,462	322,611

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for investment properties and held-for-trading investments which are measured at fair values.

Other than as set out below, accounting policies used in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011.

The following amendments to standards are relevant and mandatory to the Group for the financial year beginning 1 January 2012:

HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HKAS 12 (Amendments)	Income Taxes
	– Deferred Tax: Recovery of Underlying Assets

The Directors consider that the application of the above amendments to standards beginning 1 January 2012 is not material to the Group's results of operations or financial position.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. GROSS PROCEEDS FROM OPERATIONS AND REVENUE

Revenue represents the aggregate of the net amounts received and receivable from third parties for the period.

Gross proceeds from operations also include the gross proceeds received and receivable from securities trading and investments under the assets investment segment, in addition to the revenue.

An analysis of the Group's gross proceeds from operations for the period is as follows:

	For the six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue – rental income from investment properties	1,428	1,174
Revenue – sales of silicon based thin-film solar photovoltaic modules	949	31,431
Revenue – income from the provision of green energy related consultancy services	10,996	–
	13,373	32,605
Gross proceeds from securities trading and investment	138,761	82,940
Gross proceeds from operations	152,134	115,545

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. SEGMENT INFORMATION

Application of HKFRS 8 Operating Segments

Information reported to the Board, being the chief operating decision maker for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

The Group's operating segments under HKFRS 8 are as follows:

- Assets investment segment – Investment in listed and unlisted securities and investment properties; and
- Green energy segment – Production of silicon based thin-film solar photovoltaic modules and provision of green energy related consultancy services.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

	Assets investment segment		Green energy segment		Total	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2012	2011	2012	2011	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Gross proceeds from operations	140,189	84,114	11,945	31,431	152,134	115,545
Revenue						
Segment revenue	1,428	1,174	11,945	31,431	13,373	32,605
Results						
Segment results	(105,549)	(245,450)	(355,080)	(28,930)	(460,629)	(274,380)
Unallocated income					263	179
Unallocated corporate expenses					(5,332)	(6,091)
Finance costs					(5,272)	(3,095)
Share of results of an associate	(3,483)	(2,664)			(3,483)	(2,664)
Loss before tax					(474,453)	(286,051)
Income tax expense					(873)	–
Loss for the period					(475,326)	(286,051)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (Continued)

Revenue reported above represents revenue generated from customers. There were no inter-segment sales for the six months ended 30 June 2012 (for the six months ended 30 June 2011: Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs including directors' salaries, share of results of an associate, gain recognized on disposal of interest in former associate, other income, gains or losses, finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

	At 30 June 2012 (Unaudited) HK\$'000	At 31 December 2011 (Audited) HK\$'000
Segment assets		
Assets investment segment	791,750	800,884
Green energy segment	514,273	772,175
	1,306,023	1,573,059
Unallocated assets	179,852	217,289
	1,485,875	1,790,348
Segment liabilities		
Assets investment segment	2,436	2,357
Green energy segment	386,295	328,408
	388,731	330,765
Unallocated liabilities	144,623	117,540
	533,354	448,305

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. FINANCE COSTS

	For the six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on:		
– Bank borrowings wholly repayable within five years	3,856	1,865
– Amounts due to non-controlling interests	1,416	1,230
	<hr/>	<hr/>
	5,272	3,095
	<hr/>	<hr/>

6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
– the People's Republic of China (the "PRC") enterprise income tax	732	–
– Hong Kong profits tax	141	–
	<hr/>	<hr/>
Tax charge for the period	873	–
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Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit arising in or derived from Hong Kong for the six months ended 30 June 2012.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. INCOME TAX EXPENSE (Continued)

No provision for Hong Kong profits tax had been made in the financial statements as the Group did not have any assessable profits arising in or derived from Hong Kong for the six months ended 30 June 2011.

PRC subsidiaries are subject to PRC enterprise income tax at 25% for both current and prior period.

7. LOSS FOR THE PERIOD

	For the six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period has been arrived at after charging:		
Cost of inventories recognized as an expense	1,561	34,204
Depreciation of property, plant and equipment	32,440	515
Operating lease rentals in respect of land and buildings	1,070	867

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2012 (for the six months ended 30 June 2011: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	For the six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the purpose of basic and diluted loss per share		
Loss for the period attributable to owners of the Company	(351,421)	(276,818)
Number of shares	'000	'000
Weighted average number of ordinary shares for the purpose of basic loss per share	6,308,982	6,984,558
Effect of dilutive potential ordinary shares: Adjustment in relation to share options issued by the Group	-	5,729
	6,308,982	6,990,287
Basic loss per share (HK cents per share)	(5.57)	(3.96)
Diluted loss per share (HK cents per share)	(5.57)	(3.96)

For the six months ended 30 June 2012 and 30 June 2011, the computation of diluted loss per share did not assume the exercise of the Company's outstanding share options since their exercise would have on anti-dilutive effect.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2012 (Unaudited) HK\$'000	At 31 December 2011 (Audited) HK\$'000
Trade receivables	10,460	13,235
Deposit paid in respect of a proposed acquisition	70,000	–
Prepayments, deposits and other receivables	20,305	19,802
	<hr/>	
Total trade and other receivables	100,765	33,037
	<hr/>	

Notes:

- (i) The Group allows an average credit period of 30 to 90 days to its trade customers.

The following is an aged analysis of trade receivables at the end of the reporting period:

	At 30 June 2012 (Unaudited) HK\$'000	At 31 December 2011 (Audited) HK\$'000
0-60 days	920	13,235
61-90 days	360	–
Over 90 days	9,180	–
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	10,460	13,235
	<hr/>	

- (ii) At 30 June 2012, the Group's trade and other receivables included an amount of approximately HK\$27,823,000 (31 December 2011: approximately HK\$31,633,000) that is denominated in Renminbi.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. TRADE AND OTHER PAYABLES

	At 30 June 2012 (Unaudited) HK\$'000	At 31 December 2011 (Audited) HK\$'000
Trade payables	9,851	12,342
Other payables	147,727	87,367
	<hr/>	<hr/>
Total trade and other payables	157,578	99,709

The following is an aged analysis of trade payables at the end of the reporting period:

	At 30 June 2012 (Unaudited) HK\$'000	At 31 December 2011 (Audited) HK\$'000
0-60 days	1,544	6,780
61-90 days	835	1,445
Over 90 days	7,472	4,117
	<hr/>	<hr/>
	9,851	12,342

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 June 2012, the Group recorded revenue of approximately HK\$13,373,000 (for the six months ended 30 June 2011: approximately HK\$32,605,000), and the loss attributable to owners of the Company amounted to approximately HK\$351,421,000 (for the six months ended 30 June 2011: the loss was approximately HK\$276,818,000). Such loss was mainly attributable to the unrealized losses arising from the change in fair value of held-for-trading investments (held by the Group's investment segment) and impairment loss on property, plant and equipment. Such loss was non-cash in nature, and did not have any immediate impact on the cash flow nor business operations of the Group.

BUSINESS REVIEW

Solar Energy Business

During the first half of 2012, overshadowed by the gloom over the global solar photovoltaic ("PV") industry, PV corporations were inevitably required to seek their ways of survival continually. The prolonged debt crisis in the eurozone has left the countries in the world highly indebted when Germany, Spain and other European countries have lowered the subsidies for PV power stations or have even terminated the policy, this revealed the fact that the global solar industry was experiencing a hardship of excessive production capacity and oversupply. According to the latest report published by GTM Research, a market research organization, it is expected that the global production capacity of PV modules may reach 59 gigawatts in 2012, while the market demand is only 30 gigawatts. Such imbalance of demand and supply prompted a landslide for the price of PV products in different countries. Worse still, the United States has conducted anti-dumping and countervailing investigations in respect of the PV modules imported from China, and announced the preliminary determination for an imposition of punitive tariffs ranging from 31% to 250% on solar products from China in May. Apparently, such measures represent a complete blockade against the export of PV modules from China to the United States, turning the domestic solar industry into a sleepy backwater. Under such circumstances, China Gogreen made a quick and decisive response by suspending the Group's production line of silicon based thin-film solar PV modules located in Zhengzhou, Henan Province to minimize the adverse effect of the declining industry.

MANAGEMENT DISCUSSION AND ANALYSIS

On the contrary, the intense competition of the upstream operations has caused a persistent decrease in the costs of solar power project for the downstream operations and thus allowed rooms for profit improvement. With the implementation of practicable subsidy scheme for solar power system under policies including the “Plan for Development of the National Strategic Emerging Industries During the Period of the 12th Five-Year Plan” and a purposeful development objective, the downstream solar power projects are heading to a promising future. During the first half of the year, the Group exerted more effort in developing the downstream power generation business and achieved encouraging progress in various projects by maintaining the momentum gained during 2011. It is anticipated that all of the projects will start generating profit to the Group from the second half of the year.

– *10-megawatt large-scale grid-connected on-ground power station project in Geermu, Qinghai Province*

The 10-megawatt large-scale solar PV power station project in Geermu, Qinghai Province, which was invested by 北京君陽投資有限公司 (unofficial English translation being Beijing Jun Yang Investment Company Limited) (“Beijing Jun Yang”) in 2011 and was among the first batch of PV power projects connected to the Qinghai grid, has recently been completed and put into operation. Such project is expected to obtain feed-in-tariff of RMB1.15 per kilowatt-hour, which offers the Group steady investment returns.

– *20-megawatt rooftop power station project in Zhengzhou*

The 20-megawatt rooftop power station project at Zhengzhou High and New Technology Industries Development Zone, Zhengzhou, Henan Province is another investment of Beijing Jun Yang. It is a demonstration project of the government and for the time being, 1.5-megawatt construction has been completed. A financial subsidy of RMB12 per watt from the “Golden Sun Project” launched by the government is granted and some of such subsidies have been received. The Group has also exclusively set up a professional management team for Zhengzhou project, which is one of the largest rooftop solar power stations in the People’s Republic of China (the “PRC”), and such team has absolute discretion over the construction and operation of the project.

– *20-megawatt rooftop power station project in Xuchang*

Xuchang project is another major development plan of the Group for promoting rooftop solar power station in Henan Province, such project is one of the largest projects in the second batch of “Golden Sun Project” launched by the government and included among the 12th Five-Year Plan. The Ministry of Finance of the PRC and the Department of Finance in Henan Province granted a combined subsidy amounted to RMB180 million in respect of Xuchang project, some of which has been received. The construction of the power station, which is expected to be completed by the end of December 2012, and such power station will mark another chapter of achievement for the Group’s experience in constructing and operating power stations.

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the Group has formulated its initial strategic layout and has made investment as regard to the development of downstream power generation business in Qinghai Province and Henan Province. The Group will be able to secure stable income upon the commencement of production of such projects.

Electric Vehicles Battery and Energy Storage Business

In June of this year, China Gogreen has entered into an agreement with GCL Energy Storage Technology Holdings (BVI) Limited and GCL Energy Storage Technology Holdings Inc. (“GCL Energy Storage”), companies under GCL Group which is a green energy developer, pursuant to which, China Gogreen has conditionally agreed to acquire a portion of the issued shares of GCL Energy Storage. GCL Energy Storage and its subsidiaries are engaged in the research and development and production of storage battery system and battery materials, mainly for use in auto power industry.

The parties are in the course of negotiating on the revised terms and conditions of the aforesaid proposed acquisition, further details will be disclosed according to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) upon the finalisation of such revised terms and conditions.

Health Check Business

The Group operates health check and health care businesses through Luck Key Investment Limited and its subsidiaries (the “Luck Key Group”). During the period under review, the Luck Key Group continued, through advanced medical imaging equipment and checking facilities, and the experienced and professional health care team, to provide its customers with one-stop quality medical diagnostic and laboratory services and its related business has developed steadily.

Investment Business

Our investment focus remained in listed and unlisted securities as well as quality properties in Hong Kong. During the period under review, the Group has achieved steady growth in its investment business. The Group will continue to expand its investment portfolio so as to enhance the Group’s stable income.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS PROSPECTS

In the first half of 2012, China Gogreen ceased the production of mid-stream PV modules. The Group will continue to focus on developing downstream solar energy business and seeking opportunities of investing in other green energy businesses. The solar PV power business will provide a stable source of income to the Group.

Downstream solar energy business

As the solar PV power stations built and operated by the Group will commence production this year, the downstream solar energy business of China Gogreen will be consolidated. To secure a stable income for us, the Group will put its utmost effort to sell the electricity generated by the rooftop and on-ground power stations to the State Grid. Leveraging our professional expertise and scale of operation as well as the edges in technological research and development, together with the support of clean energy business by the local government, the Group is confident that the downstream solar energy business will demonstrate the greatest economic benefits and lay a solid foundation for becoming a leading green energy enterprise.

The “Plan for Development of the National Strategic Emerging Industries During the Period of the 12th Five-Year Plan” promulgated in July 2012 clearly suggested the proactive construction for the large-scale grid-connected PV power station, the promotion of setting up an integrated PV power applications, and the establishment of a solar energy industry system which is comparable to the most sophisticated international standard. The government will take the lead in building a solar energy model city and facilitating the construction of the grid and operating system which is in line with the development of PV power generation. Meanwhile, a grid operation and management mechanism adapted to the solar PV distributed power generation will be established pursuant to the regulations and the feed-in-tariffs regime will be ameliorated. It is expected that the target of the installed capacity of solar energy will be more than 2.1 gigawatts by 2015 and this target will further increase to over 5 gigawatts by 2020. This enormous market will create opportunities for China Gogreen to develop its downstream solar energy business.

Opportunities of developing electric vehicles battery and energy storage business

China Gogreen may cooperate with GCL Energy Storage to develop electric vehicles battery and energy storage business. With the past achievement and rich resources on green energy of GCL Group, together with the Group’s extensive experience in managing the existing clean energy projects, such proposed cooperation will be conducive to the enhancement of the overall profitability of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Tapping market potential while proactively seeking investment opportunities

The Group, while cautiously taking into account of the possibilities of developing new business, shall spare no effort to gain exposure to various promising investment opportunities which are in line with the progress of internal development, and through a two-pronged approach of seeking market opportunities and promoting external expansion, we will lay a solid and sound foundation for the Group's future development.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2012, the Group held bank balances and cash of approximately HK\$159,462,000 (31 December 2011: approximately HK\$146,272,000). Net current assets amounted to approximately HK\$380,631,000 (31 December 2011: approximately HK\$592,643,000). Current ratio (defined as total current assets divided by total current liabilities) was 1.72 times (31 December 2011: 2.63 times).

The gearing ratio of the Group (defined as total liabilities to total assets) was approximately 35.9% (31 December 2011: 25.0%).

As at 30 June 2012, the Group had outstanding bank borrowings of approximately HK\$143,700,000 (31 December 2011: approximately HK\$115,900,000). As the Group's bank balances and borrowings were denominated in Hong Kong dollars and Renminbi, risk in exchange rate fluctuation would not be material. The bank borrowings bore interest at prevailing market rates and are repayable in accordance with the relevant loan agreements.

CAPITAL STRUCTURE

As at 30 June 2012, the Group had shareholders' equity of approximately HK\$909,647,000 (31 December 2011: approximately HK\$1,277,567,000).

CHARGES ON GROUP ASSETS

As at 30 June 2012, certain property, plant and equipment and investment properties of the Group with carrying value of approximately HK\$246,740,000 were pledged to secure general banking facilities granted to the Group.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2012, the Group employed approximately 147 employees. The Group continues to maintain and upgrade the capabilities of its workforce by providing them with adequate and regular training. The Group remunerates its employees mainly based on industry practices and individual's performance and experience. On top of regular remuneration, discretionary bonus and share options may be granted to eligible staff by reference to the Group's performance as well as individual's performance.

OTHER INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2012, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long position in shares in associated corporation

Name of Director	Name of associated corporation	Capacity	Number of shares interested in the associated corporation	Approximate percentage of total issued shares of the associated corporation
Mr. Bai Liang	Jun Yang Solar Power Investment Holdings Limited (Note)	Beneficial owner	2,000 ordinary shares	5.62%

Note: Jun Yang Solar Power Investment Holdings Limited is a non wholly-owned subsidiary of the Company.

Save as disclosed above, as at 30 June 2012, none of the Directors had recorded any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

SHARE OPTIONS

The Company adopted a share option scheme on 17 November 2003 (the “Scheme”), for the primary purpose of providing incentives to Directors and employees. Under the Scheme, the Company may grant options to eligible persons, including Directors and directors of the subsidiaries of the Company, to subscribe for shares of the Company.

Details of the share options granted by the Company under the Scheme to the employees of the Company and the movements in such holdings during the six months ended 30 June 2012 were as follows:

Date of grant	Exercise price per share HK\$	Exercise period	Number of share options				
			Outstanding as at 1 January 2012	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 30 June 2012
9 October 2007	7.6672	9 October 2007 to 8 October 2017	7,357,308	-	-	-	7,357,308
18 April 2008	4.4532	18 April 2008 to 17 April 2018	387,363	-	-	-	387,363
27 May 2010	0.2138	27 May 2010 to 26 May 2012	104,458,791	-	-	(104,458,791)	-
31 August 2010	0.1612	31 August 2010 to 30 August 2012	169,148,352	-	-	-	169,148,352
			281,351,814	-	-	(104,458,791)	176,893,023

SUBSTANTIAL SHAREHOLDERS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2012, the Company has not been notified by any person (other than the Directors) who had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register maintained by the Company pursuant to section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2012.

OTHER INFORMATION

CORPORATE GOVERNANCE

The Company endeavours in maintaining good corporate governance for the enhancement of shareholders' value. The Company has complied with all the applicable code provisions in the Code on Corporate Governance Practices (the "Former CG Code") during the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code (the "New CG Code") during the period from 1 April 2012 to 30 June 2012 set out in Appendix 14 to the Listing Rules, except that:

- (a) under code provision A.2.1 of the Former CG Code and the New CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. After the resignation of Mr. Cho Kwai Yee, Kevin ("Mr. Cho") as an executive Director and the chief executive officer of the Company, the post of the chief executive officer of the Company is still vacant and the previous job responsibilities of Mr. Cho were discharged by the executive Directors collectively; and
- (b) under code provision A.4.1 of the Former CG Code, non-executive directors of the Company should be appointed for a specific term and subject to re-election. None of the independent non-executive Directors was appointed for a specific term during the period from 1 January 2012 to 31 March 2012. However, the independent non-executive Directors are subject to retirement by rotation and re-election at annual general meetings of the Company at least once every three years in accordance with the provisions of the bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Former CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of the Directors, the Directors have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2012.

AUDIT COMMITTEE

The audit committee currently comprises three independent non-executive Directors, namely Mr. Chan Chi Yuen (the chairman of the audit committee), Mr. Chik Chi Man and Mr. Yu Chun Fai. The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters including the review of the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2012.

OTHER INFORMATION

DISCLOSURE OF DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Name of Director	Details of Changes
Mr. Chan Chi Yuen	– re-designated from a non-executive director to an independent non-executive director of New Times Energy Corporation Limited (stock code: 166), the shares of which are listed on the Stock Exchange, with effect from 18 May 2012.
Mr. Chik Chi Man	– appointed as a co-opted member of Finance and General Affairs Committee of Sha Tin District Council in March 2012.

On behalf of the Board

China Gogreen Assets Investment Limited

Bai Liang

Chairman

Hong Kong, 22 August 2012