



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
2011

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Bai Liang (*Chairman*)
Mr. Cho Kwai Yee, Kevin
Mr. Lawrence Tang
Mr. Xue Feng

Independent Non-executive Directors

Mr. Chan Chi Yuen
Mr. Lo Chun Nga
Mr. Chik Chi Man

AUDIT COMMITTEE

Mr. Chan Chi Yuen (*Chairman*)
Mr. Lo Chun Nga
Mr. Chik Chi Man

REMUNERATION COMMITTEE

Mr. Lo Chun Nga (*Chairman*)
Mr. Chan Chi Yuen
Mr. Chik Chi Man

COMPANY SECRETARY

Mr. Lam Chun Kei

AUDITORS

HLB Hodgson Impey Cheng
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 2011:

- The Group recorded revenue of approximately HK\$32,605,000 from continuing operations (for the six months ended 30 June 2010: approximately HK\$1,136,000).
- Loss attributable to owners of the Company amounted to approximately HK\$276,818,000 (for the six months ended 30 June 2010: approximately HK\$40,331,000). Such loss was mainly attributable to unrealized losses arising on change in fair value of the Group's held-for-trading investments.
- The Board does not recommend the payment of an interim dividend.

At 30 June 2011:

- The Group held cash and bank balances of approximately HK\$322,611,000 (31 December 2010: approximately HK\$601,497,000).
- Net current assets amounted to approximately HK\$992,158,000 (31 December 2010: approximately HK\$1,216,841,000). Current ratio (defined as total current assets divided by total current liabilities) was 3.40 times (at 31 December 2010: 4.13 times).
- Net assets amounted to approximately HK\$1,714,356,000 (31 December 2010: approximately HK\$1,957,969,000).
- The Group had bank borrowings of approximately HK\$120,000,000 (31 December 2010: Nil).

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of China Gogreen Assets Investment Limited ("China Gogreen" or the "Company") announces the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2011 together with comparative figures for the corresponding period in 2010 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2011	2010
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Continuing operations			
Gross proceeds from operations	3	115,545	147,471
Revenue	3	32,605	1,136
Other income		4,058	1,249
Changes in inventories and materials consumed		(34,204)	–
Employee benefits expense		(2,948)	(1,540)
Depreciation of property, plant and equipment		(515)	(198)
Loss arising on change in fair value of held-for-trading investments		(245,018)	(25,796)
Finance costs	5	(3,095)	–
Impairment loss of goodwill		–	(509)
Share of results of an associate		(2,664)	–
Written down on inventories		(17,165)	–
Other operating expenses		(17,105)	(7,128)
Loss before tax		(286,051)	(32,786)
Income tax expense	6	–	–
Loss for the period from continuing operations	7	(286,051)	(32,786)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
	Notes		
Discontinued operation			
Loss for the period from discontinued operation	8	–	(7,415)
Loss for the period		(286,051)	(40,201)
Other comprehensive income			
Exchange differences on translating foreign operations		12,438	544
Total comprehensive expense for the period		(273,613)	(39,657)
Loss attributable to:			
Owners of the Company			
Loss for the period from continuing operations		(276,818)	(32,307)
Loss for the period from discontinued operation		–	(8,024)
Loss for the period attributable to owners of the Company		(276,818)	(40,331)
Non-controlling interests			
Loss for the period from continuing operations		(9,233)	(479)
Profit for the period from discontinued operation		–	609
(Loss)/profit for the period attributable to non-controlling interests		(9,233)	130

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
		2011	2010
		(Unaudited)	(Unaudited)
Notes		HK\$'000	HK\$'000
	Total comprehensive income/ (expense) attributable to:		
	Owners of the Company	(267,061)	(40,070)
	Non-controlling interests	(6,552)	413
		(273,613)	(39,657)
	Loss per share		
	From continuing and discontinued operations		
	– Basic (HK cents per share)	10 (3.96)	(3.56)
	– Diluted (HK cents per share)	10 (3.96)	(3.56)
	From continuing operations		
	– Basic (HK cents per share)	10 (3.96)	(2.86)
	– Diluted (HK cents per share)	10 (3.96)	(2.86)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 June 2011 (Unaudited) HK\$'000	At 31 December 2010 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment		621,114	637,380
Investment properties		88,500	88,500
Interest in an associate		12,584	15,248
		722,198	741,128
Current assets			
Inventories		65,227	32,981
Trade and other receivables	11	81,915	30,844
Value-added tax refundable		83,298	83,549
Deposit paid for acquisition of property, plant and equipment		1,372	1,189
Amount due from an associate		123,548	123,548
Held-for-trading investments		728,115	731,473
Bank balances and cash		322,611	601,497
		1,406,086	1,605,081
Current liabilities			
Amount due to non-controlling interests		43,240	23,600
Trade and other payables	12	54,713	46,767
Amount payable for acquisition of property, plant and equipment		195,870	317,609
Tax payable		105	264
Bank borrowings		120,000	-
		413,928	388,240

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 30 June 2011 (Unaudited) HK\$'000	At 31 December 2010 (Audited) HK\$'000
<i>Notes</i>		
Net current assets	992,158	1,216,841
Net assets	1,714,356	1,957,969
Capital and reserves		
Share capital	140,155	136,155
Reserves	1,441,447	1,682,508
Equity attributable to the owners of the Company	1,581,602	1,818,663
Non-controlling interests	132,754	139,306
Total equity	1,714,356	1,957,969

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							Subtotal HK\$'000	Attributable to non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Translation reserve HK\$'000	Share- based payments reserve HK\$'000	Retained earnings/ (accumulated losses) HK\$'000			
At 1 January 2010	8,095	215,472	861	311,790	270	21,131	72,921	630,540	44,998	675,538
Total comprehensive income/(expense) for the period	-	-	-	-	261	-	(40,331)	(40,070)	413	(39,657)
Recognition of equity-settled share-based payments	-	-	-	-	-	8,329	-	8,329	-	8,329
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	140,912	140,912
Issue of new shares by way of placements	5,521	215,280	-	-	-	-	-	220,801	-	220,801
Transaction costs attributable to issue of new shares	-	(5,520)	-	-	-	-	-	(5,520)	-	(5,520)
At 30 June 2010	13,616	425,232	861	311,790	531	29,460	32,590	814,080	186,323	1,000,403
At 1 January 2011	136,155	1,194,328	861	311,790	8,673	34,485	132,371	1,818,663	139,306	1,957,969
Total comprehensive income/(expense) for the period	-	-	-	-	9,757	-	(276,818)	(267,061)	(6,552)	(273,613)
Issue of new shares by way of placement	4,000	26,000	-	-	-	-	-	30,000	-	30,000
At 30 June 2011	140,155	1,220,328	861	311,790	18,430	34,485	(144,447)	1,581,602	132,754	1,714,356

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Net cash used in operating activities	(322,360)	(89,752)
Net cash used in investing activities	(127,802)	(241,463)
Net cash generated from financing activities	169,640	214,968
Net decrease in cash and cash equivalents	(280,522)	(116,247)
Cash and cash equivalents at the beginning of period	601,497	335,702
Effect of foreign exchange rate changes	1,636	–
Cash and cash equivalents at the end of the period	322,611	219,455

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

2. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments which are measured at fair values or revalued amount, as appropriate.

Except for the adoption of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, which are effective for the financial periods beginning on or after 1 January 2011 and relevant to the Group’s operations, the accounting policies applied are consistent with those used in the annual financial statements for the financial year ended 31 December 2010. The adoption of the new and revised HKFRSs had no material effect on the reported results and financial position of the Group.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. GROSS PROCEEDS FROM OPERATIONS AND REVENUE (Continued)

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

	For the six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
<i>Continuing operations</i>		
Sales of silicon based thin-film solar photovoltaic modules	31,431	–
Rental income from investment properties	1,174	1,136
Revenue	32,605	1,136
Gross proceeds from securities trading and investments	82,940	146,335
Gross proceeds from operations	115,545	147,471

4. SEGMENT INFORMATION

Information reported to the Board of the Company, 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.

For the six months ended 30 June 2011, the operating segments can be classified into assets investment segment and green energy segment.

One operation (health check business segment) was discontinued in November 2010. The segment information presented as below does not include any amounts for this discontinued operation, which are described in more detail in Note 8.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (Continued)

Segment revenue and results

	Continuing operations				Total	
	Assets		Green			
	investment segment		energy segment		2011	2010
	2011	2010	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Gross proceeds from operations	84,114	147,471	31,431	-	115,545	147,471
Revenue						
Segment revenue	1,174	1,136	31,431	-	32,605	1,136
Results						
Segment results	(245,450)	(26,323)	(28,930)	(2,422)	(274,380)	(28,745)
Unallocated income					179	174
Unallocated corporate expenses					(6,091)	(4,215)
Finance costs					(3,095)	-
Share of results of an associate	(2,664)				(2,664)	-
Loss before tax					(286,051)	(32,786)
Income tax expense					-	-
Loss for the period					(286,051)	(32,786)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

	Continuing operations					
	Assets investment segment		Green energy segment		Total	
	At 30 June 2011	At 31 December 2010	At 30 June 2011	At 31 December 2010	At 30 June 2011	At 31 December 2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets						
Segment assets	816,615	819,972	847,674	776,676	1,664,289	1,596,648
Unallocated corporate assets					463,995	749,561
Total assets					2,128,284	2,346,209
Liabilities						
Segment liabilities	648	555	411,549	384,500	412,197	385,055
Unallocated corporate liabilities					1,731	3,185
Total liabilities					413,928	388,240

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. FINANCE COSTS

	For the six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
<i>Continuing operations</i>		
Interest on:		
– Bank borrowings wholly repayable within five years	1,865	–
– Amount due to non-controlling interests	1,230	–
	3,095	–

6. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group had no assessable profits for both periods.

No People's Republic of China ("PRC") enterprise income tax has been provided in respect of the Group's PRC subsidiaries since they incurred tax losses for both periods.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS

	For the six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Loss for the period from continuing operations has been arrived at after charging:		
Cost of inventories recognized as an expense	34,204	–
Depreciation of property, plant and equipment	515	198
Operating lease rentals in respect of land and buildings	867	63

8. DISCONTINUED OPERATION

On 5 October 2010, Luck Key Investment Limited (“Luck Key”) and Dr. Fung Yiu Tong, Bennet (“Dr. Fung”) entered into a subscription agreement in relation to the allotment and issue of 650 new ordinary shares of US\$1.00 each in the issued share capital of Luck Key to Dr. Fung. Luck Key (together with its subsidiaries, the “Luck Key Group”) carried out all of the Group’s health check business. The deemed disposal was completed on 23 November 2010. Immediately after completion, the Company’s shareholding interest in Luck Key has been diluted from 51.00% to approximately 47.89%, and each company in the Luck Key Group ceased to be a subsidiary of the Company.

During the six months ended 30 June 2010, the loss for the period from discontinued operation represented loss of health check business operation. The results of the discontinued operation included in the condensed consolidated statement of comprehensive income and condensed consolidated statement of cash flows are set out below.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. DISCONTINUED OPERATION (Continued)

For the six months
ended 30 June 2010

Loss for the period from discontinued operation

Revenue	81,712
Other income	5,003
Changes in inventories and clinical supplies consumed	(24,531)
Finance costs	(208)
Share of results of an associate	653
Other operating expenses	(70,044)
	<hr/>
Loss before tax	(7,415)
Income tax expense	-
	<hr/>
Loss for the period from discontinued operation	<u>(7,415)</u>

Loss for the period from discontinued operation has been arrived at after (crediting)/charging:

Depreciation of property, plant and equipment	8,908
Gain on disposal of property, plant and equipment	(117)
Operating lease rentals in respect of land and building	5,554
	<hr/>

Cash flows from discontinued operations

Net cash inflows from operating activities	1,968
Net cash outflows from investing activities	(939)
Net cash outflows from financing activities	(20,212)
	<hr/>
Net cash outflows	<u>(19,183)</u>

9. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (for the six months ended 30 June 2010: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. LOSS PER SHARE

From continuing and discontinued operations

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	
	2011	2010
	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	(276,818)	(40,331)
Number of shares	'000	'000
Weighted average number of ordinary shares for the purpose of basic loss per share (as adjusted for the share placing which became effective on 21 January 2011)	6,984,558	1,131,552
Effect of dilutive potential ordinary shares: Adjustment in relation to share options issued by the Group	5,729	–
	6,990,287	1,131,552
Basic loss per share (HK cents per share)	(3.96)	(3.56)
Diluted loss per share (HK cents per share)	(3.96)	(3.56)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. LOSS PER SHARE (Continued)

For the six months ended 30 June 2010, the computation of diluted loss per share did not assume the exercise of the Company's outstanding share options since the exercise prices of the Company's outstanding share options were higher than the average market price for the six months ended 30 June 2010.

From continuing operations

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

Loss are calculated as follows:

	For the six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Loss for the period attributable to owners of the Company	(276,818)	(40,331)
Add:		
Loss for the period from discontinued operation	-	8,024
	<hr/>	<hr/>
Loss for the purpose of basic and diluted loss per share from continuing operations	(276,818)	(32,307)

The denominators used are the same as those detailed above for the both basic and diluted loss per share.

From discontinued operation

For the six months ended 30 June 2010, the basic and diluted loss per share for the discontinued operation were HK\$0.70 cents and HK\$0.70 cents per share respectively, based on the loss for the period from the discontinued operation of approximately HK\$8,024,000 and the denominators detailed above for both basic and diluted loss per share.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. TRADE AND OTHER RECEIVABLES

	At 30 June 2011 HK\$'000	At 31 December 2010 HK\$'000
Trade receivables	33,620	–
Other receivables	48,295	30,844
	81,915	30,844

The Group normally 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 reporting period:

	At 30 June 2011 HK\$'000	At 31 December 2010 HK\$'000
0-60 days	16,844	–
61-90 days	1,176	–
Over 90 days	15,600	–
	33,620	–

Note: At 30 June 2011, the Group's trade and other receivables included an amount of approximately HK\$73,709,000 (at 31 December 2010: HK\$21,576,000) that is denominated in Renminbi.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. TRADE AND OTHER PAYABLES

	At 30 June 2011 HK\$'000	At 31 December 2010 HK\$'000
Trade payables	14,478	4,381
Other payables	40,235	42,386
Total trade and other payables	54,713	46,767

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

	At 30 June 2011 HK\$'000	At 31 December 2010 HK\$'000
0-60 days	10,885	4,381
61-90 days	1,928	-
Over 90 days	1,665	-
	14,478	4,381

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 June 2011, the Group recorded revenue of approximately HK\$32,605,000 from continuing operations (for the six months ended 30 June 2010: approximately HK\$1,136,000). The increase in revenue was attributable to the completion of phase one production lines for silicon based thin-film solar photovoltaic ("PV") modules and commencement of production thereof at the end of last year.

For the six months ended 30 June 2011, loss attributable to owners of the Company amounted to approximately HK\$276,818,000 (for the six months ended 30 June 2010: approximately HK\$40,331,000). Such loss was mainly attributable to unrealized losses arising on change in fair value of held-for-trading investments (which formed part of the Group's investment business). The said unrealized losses were mainly attributable to the decrease in market value of 1 billion ordinary shares ("Apollo Shares") of Apollo Solar Energy Technology Holdings Limited (stock code: 566) during the period under review. Such factor was non-cash in nature and did not have any immediate impact on the cash flow nor business operation of the Group.

BUSINESS REVIEW

Solar Energy Business

Due to the large-scale expansion in production capacity last year, newly installed capacity of the global solar energy market increased substantially by over 139%, resulting in market oversupply during the first half of 2011. According to the latest report on European solar energy market from Solarbuzz, due to an imbalance of supply and demand, the prices of solar energy related products on the industry chain dropped drastically in the first half of this year. Despite the suspension in the implementation of the plan in lowering electricity tariff subsidy in Germany, there was no sign of improvement in the sluggish solar energy market in Europe.

As the PRC is an emerging country of solar energy production and consumption, the depressed global market had a direct impact on the results of the PV corporations in the first half of the year. The decrease in sales orders, emerging pressure on production capacity, continued bleak market and decrease in profits had an alarming effect to the domestic PV corporations.

MANAGEMENT DISCUSSION AND ANALYSIS

Against this backdrop, China Gogreen re-evaluated its business strategies in the first half of the year and concentrated its development in solar energy business, especially large-scale solar PV power stations and rooftop power stations. The Group closely followed the market needs and trends, and correspondingly adjusted its development pace with a view to achieving steady development in solar energy business.

Joint venture's production lines for solar PV modules

Phase one of the Group's joint venture project in the Zhengzhou High and New Technology Industries Development Zone, Zhengzhou, Henan Province, the PRC of annual 100-megawatt production lines for silicon based thin-film solar PV modules was completed and commenced production at the end of last year. The modules produced by such production lines have commenced application in PV power stations projects in Qinghai and Henan.

Beijing Jun Yang's Solar Power Stations

Steady development of power stations projects

北京君陽投資有限公司 (unofficial English translation being Beijing Jun Yang Investment Company Limited) ("Beijing Jun Yang"), a wholly-owned subsidiary of China Gogreen, is a professional investment company of solar PV power stations. It engages in the investment, development and construction of solar power stations as well as provision of advisory and consultation services to other corporations in the industry. During the period under review, Beijing Jun Yang mainly involved in the rooftop solar PV power stations project in Henan Province. The Group's various power station projects achieved progress in stages.

Rooftop Power Stations Projects in Henan

Currently, Beijing Jun Yang is undergoing development plans for solar PV power stations in Zhengzhou, Henan Province. It utilizes the rooftop facilities in various buildings and structures in the local development zone for investment and construction of rooftop solar PV power stations.

MANAGEMENT DISCUSSION AND ANALYSIS

Income from rooftop solar PV power stations are currently derived from two sources, one of which is the financial subsidy for the construction of rooftop solar PV power stations from the “Golden Sun Project” launched by the PRC government. According to 《關於做好2011年金太陽示範工作的通知》(財建〔2011〕380號) (“Notice on effectively implementing demonstration of Golden Sun Project in 2011” (Cai Jian [2011] No. 380)) announced on 26 June 2011, the subsidy for amorphous silicon thin-film modules may reach RMB8 per watt. The other source of income is the electricity tariffs to be collected from the users under energy management contract.

Beijing Jun Yang has been actively involved in a number of rooftop solar PV power station development projects in Zhengzhou High and New Technology Industries Development Zone, Zhengzhou, Henan Province and has become one of the professional new energy investment corporations in Henan Province. Its project investment, management and operational capabilities have been fully recognized and are greatly supported by the energy department in Henan Province.

Large-scale PV power station project in Qinghai

In January 2011, Beijing Jun Yang entered into an equity transfer agreement and in July of the same year completed the transaction of acquiring 99% of the registered capital of 青海鈞石能源有限公司 (unofficial English translation being GS-Solar (Qinghai) Company Limited) (“GS-Solar”) at a consideration of RMB5,900,000. The project involves the construction of a large-scale grid-connected solar PV power station in Geermu, Qinghai Province. GS-Solar has obtained the approval from the Development and Reform Commission of the Qinghai Province for the construction and operation of a 10-megawatt grid-connected silicon based thin-film solar PV power station in Geermu, Qinghai Province. Currently, Beijing Jun Yang is paying close attention to the construction of the 10-megawatt project (estimated project investment of approximately RMB178,190,000), and expects to complete the construction by the end of September this year and meet the grid connection requirement.

With abundant solar energy resources, the vast desert land resources and sound grid facilities, Qinghai Province is an ideal location for promoting solar PV power industry in the PRC, and gradually becomes an important base of PV industry in the PRC. China Gogreen’s project in Geermu, Qinghai Province has become one of the supported projects under the 12th Five-Year Plan of the PRC government, which is expected to be among the first batch of PV power projects connected to the Qinghai grid.

MANAGEMENT DISCUSSION AND ANALYSIS

According to 《國家發展改革委關於完善太陽能光伏發電上網電價政策的通知》(發改價格〔2011〕1594號) (“Notice from National Development and Reform Commission on improving solar PV power electricity tariff policy” (Fa Gai Jia Ge [2011] No. 1594)) announced by the National Development and Reform Commission on 24 July 2011, the solar PV power stations which were approved to be built before 1 July 2011 and production to be commenced before 31 December 2011 can obtain an electricity tariff of RMB1.15 per kilowatt-hour. Such policy provides a good return guarantee for China Gogreen’s power station investment.

The launch of the policy, which is by far the most explicit and practical measures in supporting the development of new energy by the PRC government, will greatly promote the investments in solar PV applications in the PRC and facilitate the overall development of solar energy industry.

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 Group continued, through the advanced medical imaging equipment and checking facilities, and the experienced and professional health care team of the Luck Key Group, to provide its customers with one-stop quality medical diagnostic and laboratory services.

Investment Business

Our investment focus remained in listed and unlisted securities as well as quality properties in Hong Kong to specifically and effectively utilize the resources. During the period under review, the Company passed the resolution of authorising the Group to dispose of up to 1 billion Apollo Shares at the general meeting held on 10 June 2011. The disposal can be carried out within the twelve-month period commencing on 10 June 2011. The Group will apply the net proceeds of the disposal for further investment in green energy related business, solar energy related business and other assets investment and as general working capital of the Group. No Apollo Shares have been disposed of by the Group since 10 June 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Taking into account the current market sentiment and the prevailing market price of the Apollo Shares, the Company has proceeded to put forward a revised proposal to the shareholders of the Company relating to the disposal of Apollo Shares on 18 August 2011. The major difference between the original proposal and the revised proposal is the adjustment of the minimum disposal price of the Apollo Shares. Details are set out in an announcement of the Company dated 18 August 2011 in relation to the revised proposal for the possible disposal of Apollo Shares.

PROSPECTS

The trend of substantially lowering the solar energy subsidy among the European countries reflects the inevitable trend of falling costs of solar power and large-scale applications. The report from Solarbuzz considered such transformation precisely marks the solar energy industry is gradually moving towards an era of mature applications. In the medium run, this paved the way for the grid parity of solar energy, as well as sounded the prelude to the reform of solar energy corporations in the PRC. The second half of the year will be the industry's "reshuffling" and restructuring period.

In the process of elimination of PV corporations, although the PRC government plays a pivotal role, the overall strengths of the corporations should be the key to success. China Gogreen believes that leading technologies and a keen sense of projects are the golden rules for standing out in the solar energy industry. In the second half of the year, the Group will focus its efforts in these two areas.

Obtain quality solar energy projects and explore domestic and overseas opportunities

The PV Insights data showed that there was no further falling in prices of solar energy products in July 2011 and some segments even showed a rebound in prices. It is expected that product prices will gradually go up again. We expect that after the falling over of prices, the solar energy markets in the PRC, the United States of America and Japan will regain momentum. The installed capacity of the global solar energy market will maintain an optimistic level of growth next year.

In the PRC, in the next five years, further acceleration of urbanization drives the rapid growth of demand for energy, and the swift increase in the targets of energy-saving and emission reduction are the great driving force for promoting the development of new energy industry. The solar energy industry which crosses both "new energy" and "energy-saving and environmental protection" industries at the same time will

MANAGEMENT DISCUSSION AND ANALYSIS

become one of the beneficiaries of the 12th Five-Year Plan. It is expected that in 2015, the accumulative domestic installed capacity target of PV system will reach 10,000 megawatts and this target will at least reach 50,000 megawatts in 2020. In addition, renewable energy will account for 15% of the overall energy usage before 2020. Various data indicate that PV industry in the PRC will develop on an “accelerated” mode in the next decade.

Therefore, the solar PV industry in the PRC, after experiencing the adjustment of survival of the fittest, will enjoy greater room for development. As a leading company in the industry, China Gogreen has prepared well to grasp the opportunities when the industry is about to take off. The Group actively looks for the best projects both inside and outside the PRC. As for the PRC market, due to our established cooperation relationships with Henan and Qinghai provincial governments as well as our project experience, China Gogreen will continue to promote the solar power station concept in regions with abundant solar resources and to seek for possibilities to cooperate with the local governments. Regarding the overseas markets, China Gogreen has tried to establish cooperation relationships and partnerships with solar power station operators, intermediaries, and sub-contractors in European countries like Italy and Germany, thus gaining access to the overseas markets particularly in Europe.

Solar energy is one of the clean and inexhaustible energy resources. China Gogreen strives to explore various opportunities in the solar energy area with an aim to become a leading green energy corporation in the PRC and in the world.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2011, the Group held cash and bank balances of approximately HK\$322,611,000 (31 December 2010: approximately HK\$601,497,000). Net current assets amounted to approximately HK\$992,158,000 (31 December 2010: approximately HK\$1,216,841,000). Current ratio (defined as total current assets divided by total current liabilities) was 3.40 times (31 December 2010: 4.13 times).

The gearing ratio of the Group (defined as total liabilities to total assets) was approximately 19.5% (31 December 2010: 16.5%).

As at 30 June 2011, the Group had outstanding bank borrowings of approximately HK\$120,000,000 (31 December 2010: Nil). The bank borrowings are denominated in Renminbi which carry interest rates that is referred to the benchmark lending rate published by the People’s Bank of China and repayable in accordance with the relevant loan agreements. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

As at 30 June 2011, the Group had shareholders' equity of approximately HK\$1,581,602,000 (31 December 2010: approximately HK\$1,818,663,000).

On 21 January 2011, 200,000,000 new shares of the Company were allotted and issued at a price of HK\$0.15 per share pursuant to an subscription agreement, details of which are set out in the announcement of the Company dated 13 December 2010.

CHARGES ON GROUP ASSETS

As at 30 June 2011, certain land and buildings of the Group with carrying value of approximately HK\$88,500,000 were pledged to secure general banking facilities granted to the Group.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 30 June 2011, the Group employed approximately 320 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. In addition, the Group provides provident fund to its employees in accordance with the statutory requirements of the respective jurisdictions in where the employees reside.

OTHER INFORMATION

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

As at 30 June 2011, the interests and short positions of the Directors and the chief executives of the Company 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 underlying shares in associated corporation

Name of Director	Name of associated corporation	Capacity	Number of underlying shares interested in the associated corporation	Percentage of total issued shares of the associated corporation
Mr. Bai Liang	Jun Yang Solar Power Investment Holdings Limited (Note 1)	Beneficial owner	2,000 ordinary shares (Note 2)	12.5%

Notes:

1. Jun Yang Solar Power Investment Holdings Limited is a direct wholly-owned subsidiary of the Company.
2. These shares represent the new shares of Jun Yang Solar Power Investment Holdings Limited which may be issued to Mr. Bai Liang under an option granted to him.

Save as disclosed above, as at 30 June 2011, none of the Directors or the chief executives of the Company 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 2011 were as follows:

Date of grant	Exercise price per share HK\$	Exercise period	Number of share options				
			Outstanding as at 1 January 2011	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Outstanding as at 30 June 2011
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
30 December 2009	0.4957	30 December 2009 to 29 December 2011	47,645,604	-	-	-	47,645,604
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	175,604,396	-	-	-	175,604,396
			335,453,462	-	-	-	335,453,462

OTHER INFORMATION

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

As at 30 June 2011, the Company has not been notified by any person (other than the Directors or chief executives of the Company) 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 2011.

CORPORATE GOVERNANCE

The Company endeavours in maintaining good corporate governance for the enhancement of shareholders' value. The Company has adopted the code provisions in the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company has complied with all the applicable code provisions in the Code throughout the six months ended 30 June 2011, except that under code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term and subject to re-election. None of the existing independent non-executive Directors was appointed for a specific term. 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 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 2011.

OTHER INFORMATION

AUDIT COMMITTEE

The audit committee currently comprises three independent non-executive Directors, namely Mr. Chan Chi Yuen (the chairman of the audit committee), Mr. Lo Chun Nga and Mr. Chik Chi Man. 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 financial statements of the Group for the six months ended 30 June 2011.

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

Name of Director	Details of Changes
Mr. Chan Chi Yuen	– appointed as an executive director and chief executive officer of Sam Woo Holdings Limited (stock code: 2322), the shares of which are listed on the Stock Exchange, with effect from 24 June 2011 and 30 June 2011 respectively.
Mr. Xue Feng	– ceased to be the general manager of Henan Gogreen Energy Limited, a non wholly-owned subsidiary of the Company, with effect from July 2011. – the amount of monthly emolument has been changed to RMB14,000 (equivalent to approximately HK\$16,660) with effect from July 2011.

On behalf of the Board
China Gogreen Assets Investment Limited
Bai Liang
Chairman

Hong Kong, 18 August 2011