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China Gogreen Assets Investment Limited

中國保綠資產投資有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 397)

VERY SUBSTANTIAL DISPOSAL

THE SP AGREEMENT

On 5 October 2012 (after trading hours), the Company entered into the SP Agreement with the Purchaser and the Purchaser Guarantor pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Share and the Sale Loan at a total consideration of HK\$50,000,000.

LISTING RULES IMPLICATIONS

The Disposal as contemplated under the SP Agreement constitutes a very substantial disposal for the Company and is subject to reporting, announcement and the Shareholders' approval at the SGM pursuant to the Listing Rules. A circular containing, among others, (i) details of the SP Agreement; (ii) other information as required to be disclosed under the Listing Rules; and (iii) the notice of the SGM will be despatched to the Shareholders on or before 31 October 2012.

THE SP AGREEMENT

The Board wishes to announce that the Company has entered into the SP Agreement with the Purchaser and the Purchaser Guarantor in connection with the Disposal. Major terms of the SP Agreement are set out below.

Date:

5 October 2012

Parties:

- (1) The Company;
- (2) the Purchaser; and
- (3) the Purchaser Guarantor.

The Purchaser, which is wholly-owned by the Purchaser Guarantor, is principally engaged in investment holding. The Purchaser Guarantor is the sole director and sole shareholder of the Purchaser. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchaser and the Purchaser Guarantor is an Independent Third Party.

Assets to be disposed of:

The Sale Share, representing 100% of the issued share capital of the Target, and the Sale Loan, representing all amounts of the shareholders' loan owed by the Target to the Company as at the Completion Date.

As at the date of the SP Agreement, the Sale Loan amounted to approximately HK\$390.3 million.

Condition precedent:

Completion of the SP Agreement is conditional upon all necessary consents and approvals in relation to the transaction contemplated under the SP Agreement, having been obtained and such consents and approvals should be valid up to the Completion Date, including the passing of ordinary resolution(s) by the Shareholders at the SGM approving the sale of Sale Share and Sale Loan.

If the Condition Precedent shall not have been fulfilled on or before 5:00 p.m. on the Long Stop Date, all transactions contemplated under the SP Agreement shall be terminated. All provisions (save for the survival clauses in relation to notice and miscellaneous matters) of the SP Agreement shall cease to be enforceable and the obligations of the parties thereunder shall cease and terminate. No party shall have any claim against the other save for the claim in respect of any antecedent breach of the SP Agreement.

The Company may, by notice in writing to the Purchaser, terminate the SP Agreement any time prior to the Completion. Upon the Company issuing the said written notice, all provisions (save for the survival clauses in relation to notice and miscellaneous matters) of the SP Agreement shall cease to be enforceable and the obligations of the parties thereunder shall cease and terminate. The Purchaser shall not have any claim against the Company for damages, specific performance or any other remedies.

Consideration

The total Consideration payable by the Purchaser for the Disposal is HK\$50,000,000.

The Consideration shall be settled by the Purchaser in cash (or in such other manner as the Company may agree) in the following manner:

- (i) upon signing of the SP Agreement, the Purchaser shall pay a deposit of HK\$10,000,000 to the Company; and
- (ii) the Purchaser shall pay the balance of HK\$40,000,000 to the Company within 30 days of the Completion Date.

If the Condition Precedent shall not have been fulfilled on or before the Long Stop Date, the Company shall refund the deposit of HK\$10,000,000 (without interest) to the Purchaser within 10 days after the Long Stop Date.

The Consideration was determined after arm's length negotiations between the Company and the Purchaser with reference to (i) the amount of the Sale Loan (which as at the date of the SP Agreement amounted to approximately HK\$390.3 million; (ii) the net liabilities of the Target Group of approximately HK\$430.8 million as at 30 June 2012; and (iii) the fact that the Company has been making impairment to its investment in the Target Group over the current and past financial years.

It is the current intention of the Company to apply the net proceeds from the Disposal as general working capital of the Group and other investments. The Group does not have any specific plan of usage of the Disposal proceeds, save for the acquisition of E Finance Limited as disclosed in the announcement of the Company dated 25 September 2012, no potential acquisition or investment target has been identified by the management of the Group.

Completion

Completion of the SP Agreement will take place on the Business Day immediately after the fulfillment of all Condition Precedent (or such other date as the Company and the Purchaser may agree in writing).

It is expected that the Group will record a book gain of approximately HK\$40 million as a result of the Disposal which represents the difference between the Consideration after the estimated expenses to be incurred for the Disposal and the aggregate amount of (i) net liabilities of the Target Group attributable to the Company as at 30 June 2012; and (ii) the face value of the Sale Loan. The actual gain or loss in connection with the Disposal will be assessed after Completion and is subject to audit.

Immediately after Completion, each member of the Target Group will cease to be a subsidiary of the Company and the Company will cease to have any interest in the Target Group.

INFORMATION ON THE TARGET GROUP

The Target is a company incorporated in the Cayman Islands with limited liability and is wholly-owned by the Company. The Target is principally engaged in investment holding.

Business Hunter is a company incorporated in the BVI with limited liability and wholly-owned by the Target. Business Hunter is principally engaged in investment holding and is the legal and beneficial owner of the entire issued share capital of China Gogreen Energy, a company incorporated in Hong Kong with limited liability. China Gogreen Energy is principally engaged in investment holding.

Henan Gogreen Energy is a sino-foreign equity joint venture established in the PRC on 20 January 2010 and is legally and beneficially owned as to 65% by China Gogreen Energy with the remaining 35% owned by Zhengzhou High-Tech, which is a state-owned enterprise established in the PRC by the Administration Committee of Zhengzhou High and New Technology Industries Development Zone and controlled by the Zhengzhou Municipal People's Government, Henan Province, the PRC, being an Independent Third Party. Before the formation of Henan Gogreen Energy, Zhengzhou High-Tech has no business and/or other relationship with the Company. As at the date of this announcement, the total investment contributed by the Company and Zhengzhou High-Tech is approximately HK\$390.3 million and HK\$192.2 million respectively.

Prior to the cessation of production activity in the first half of 2012, Henan Gogreen Energy was principally engaged in the a-Si Thin-Film Solar PV Business. According to the sino-foreign equity joint venture contract in relation to Henan Gogreen Energy entered into between China Gogreen Energy and Zhengzhou High-Tech dated 16 December 2009, China Gogreen Energy is principally responsible for (i) managing the operation of the a-Si Thin-Film Solar PV Business; (ii) providing technical and management expertise to oversee the operation of Henan Gogreen Energy; and (iii) procuring the trial production of the first phase of the development of a-Si Thin-Film Solar PV Business by Henan Gogreen Energy to be completed in August 2010, while Zhengzhou High-Tech was principally responsible for (i) coordinating with various PRC governmental authorities in relation to the construction of the production facilities; (ii) providing land and buildings for use of Henan Gogreen Energy; (iii) coordinating with the relevant PRC governmental authorities to provide subsidies in respect of the finance expenses incurred by Henan Gogreen Energy; and (iv) procuring for the grant of preferential tax treatment, approvals, subsidies by PRC governmental authorities to Henan Gogreen Energy.

As disclosed in the announcement of the Company dated 2 March 2010, Henan Gogreen Energy entered into a management contract ("Management Contract") with GS-Solar Fujian in relation to the management services provided by GS-Solar Fujian for the management of the operation of Henan Gogreen Energy including research and development, production and sale of the a-Si Thin-Film Solar PV Modules, responsibility for staff recruitment and dismissal, provision of experience management and technical staff, submission of annual financial statement to Henan Gogreen Energy. As disclosed in the same announcement, China Gogreen Energy, the immediate holding company of Henan Gogreen Energy, entered into a profit and loss sharing contract ("P&L Sharing Contract") with GS-Solar Fujian regarding the profit and loss sharing arrangements between China Gogreen Energy and Henan Gogreen Energy depending on the performance of Henan Gogreen Energy. Details of the Management Contract and the P&L Sharing Contract are set out in the announcement of the Company dated 2 March 2010.

The operation management period under the Management Contract commenced on 1 January 2011. In light of unexpected hardship suffered by the global solar photovoltaic industry as disclosed in the paragraph headed “Reasons for and benefits of the Disposal” below, the Target Group has not performed well since the commencement of the operation management period and has finally ceased all manufacturing activities in the first half of 2012. Under such unforeseen circumstances, the parties to the Management Contract and those to the P&L Sharing Contract have been in discussion with each other on how to resolve the issues that may arise under these two contracts amicably and none of the parties have taken any legal action to enforce the terms of the Management Contract and the P&L Sharing Contract. As at the date of this announcement, the Management Contract and the P&L Sharing Contract have not been terminated and the discussions for resolving the issues that may arise under these two contracts amongst the parties are still underway.

GS-Solar Fujian and its ultimate beneficial owners are Independent Third Parties. GS-Solar Fujian is a company established with limited liability in the PRC and is principally engaged in the manufacture and sale of silicon based thin film solar photovoltaic modules.

The first phase of development of the a-Si Thin-Film Solar PV Business of annual 100-megawatt production lines was completed and commenced production in late 2010.

The Target Group commenced to generate revenue for the year ended 31 December 2011 and the modules produced by Henan Gogreen Energy were supplied to external customers and were applied to photovoltaic power stations projects undertaken by GS-Solar (Qinghai) and Henan Jun Yang.

Large-scale expansion in production capacity in 2010 resulted in the oversupply of the whole solar market since the first half of 2011. Due to an imbalance of supply and demand, the prices of solar products in industrial chain, the selling price of a-Si Thin-Film Solar PV modules produced by the Group was also affected and fell substantially in the fierce price competition since the first half of 2011, as a result the Target Group has been recording a loss since its inception. Decline in global orders and excessive production capacity, along with the impact of European debt crisis, had inflicted negative effect on the business of solar industry, particularly in the upstream and middle-stream, and this trend was noticeable since the first half of 2011. The solar photovoltaic market continued to be overshadowed by the gloom in the first half of 2012. 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 photovoltaic 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. In response to the hardship suffered by the global solar photovoltaic industry, Henan Gogreen Energy ceased the production of photovoltaic modules in the first half of 2012. Currently, the Target Group is not engaged in any commercial activities.

The unaudited consolidated total assets value and the net liabilities of the Target as at 30 June 2012 is approximately HK\$276.3 million and HK\$430.8 million respectively. The unaudited consolidated financial information of the Target for the two years ended 31 December 2010 and 2011 and for the six months ended 30 June 2012 are as follows:

	Year ended 31 December 2010 <i>HK\$'000</i>	Year ended 31 December 2011 <i>HK\$'000</i>	For the six months ended 30 June 2012 <i>HK\$'000</i>
Revenue	–	106,656	7,925
Net losses before taxation and extraordinary items	(16,871)	(226,762)	(354,296)
Net losses after taxation and extraordinary items	(16,871)	(226,762)	(354,296)
Loss attributable to the Company	(11,563)	(150,158)	(230,274)

REASONS FOR AND BENEFITS OF THE DISPOSAL

Prior to the entering into of the SP Agreement, the Purchaser Guarantor, being a senior engineer, has prior business dealings with the Group in relation to Group's power station projects in Xuchang, the PRC and Henan, the PRC. The management of the Group and the Purchaser Guarantor were therefore acquainted with each other. In September 2012, the management of the Group and the Purchaser Guarantor have started to evaluate the possibility of selling the Target Group to the Purchaser. To the best knowledge and information of the Directors, there was no relationship between the Purchaser and the purchasers or vendors of the Company's previous acquisitions or disposals conducted in recent years.

The Group is principally engaged in (i) solar energy business with a current focus on power station projects; and (ii) assets investment. The Group also holds approximately 47.89% interest in Luck Key Investment Limited and its subsidiaries which are principally engaged in the provision of health check and health care related services. The Target Group has been making loss since its inception in 2010. As indicated in the Company's interim report for the six months ended 30 June 2012, the Company has already suspended its production line of the Target Group for the reasons that (i) the global solar industry was experiencing a hardship of excessive production capacity and oversupply; and (ii) the increase in the punitive tariffs imposed by the United States for anti-dumping and countervailing of the photovoltaic modules imported from China in May 2012, which appeared to the Board as a complete blockade against the export of photovoltaic modules from China to the United States. In view of such operating environment, the Directors believe that it will be difficult for the Target Group to turn around its financial results in the near future. For the year ended 31 December 2011 and the six months ended 30 June 2012, the Company has made impairment loss of an aggregate amount of approximately HK\$471.5 million in respect of the Target Group. Coupled with the fact that the Directors consider that the Target would not be able to repay the Sale Loan in light of its critical financial situation, the Disposal represents a good opportunity for the Group to dispose of its entire investments in the solar photovoltaic module production business so as to minimise the adverse effect of the declining industry.

Other business of the Group – Downstream solar energy business

The Directors consider that the Disposal would not have any adverse impact on the Group's future business model and strategy despite the fact that the Target Group has supplied its a-Si Thin-Film Solar PV modules to GS-Solar (Qinghai) and Henan Jun Yang. Given the oversupply of the a-Si Thin-Film Solar PV modules in the market, GS-Solar (Qinghai) and Henan Jun Yan would not have any difficulty in sourcing the same from substitute suppliers. In particular, 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 2012, 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 2012. The Group is currently operating three power station projects, namely, the 10-megawatt grid-connected on-ground solar photovoltaic power station in Geermu, Qinghai Province, the 20-megawatt rooftop power station project in Zhengzhou and the 20-megawatt rooftop power station project in Xuchang.

Other business of the Group – Health check business

The Company, through its associated companies, has invested in health check and health care businesses. During the first half of 2012, such health check business continued to develop steadily 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.

Other business of the Group – Investment business

The Group's investment focus remained in listed and unlisted securities as well as quality properties in Hong Kong. In the first half of 2012, the Group has achieved steady growth in its investment business.

As disclosed in the announcement of the Company dated 25 September 2012, the Group, as purchaser, has unconditionally agreed to acquire the entire issued share capital of E Finance Limited, a company incorporated in Hong Kong with limited liability and is the holder of a valid money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Board considers that such acquisition will diversify the income stream of the Group and the Group will continue to expand its investment portfolio so as to enhance the Group's stable income.

Apart from the acquisition of E Finance Limited, the Group has no present plan for any other business or asset acquisition. As at the date of this announcement, the Company has no agreement of negotiation for any disposal, termination, and/or scaling-down of the Company's existing business and major assets. Neither the Company has any present plan for fund raising exercise.

DIRECTORS' VIEW

The Directors (including the independent non-executive Directors) believe that the terms of the SP Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

REQUIREMENTS OF THE LISTING RULES

The Disposal as contemplated under the SP Agreement constitutes a very substantial disposal for the Company and is subject to reporting, announcement and the Shareholders' approval at the SGM pursuant to the Listing Rules. As at the date of this announcement, to the best knowledge of the Directors, no Shareholder has a material interest in the transactions contemplated under the SP Agreement who will be required to abstain from voting at the SGM in respect of the resolutions relating to the Disposal.

A circular containing, among others, (i) details of the SP Agreement; (ii) other information as required to be disclosed under the Listing Rules; and (iii) the notice of the SGM will be despatched to the Shareholders on or before 31 October 2012 as more time is needed for the preparation of the information to be contained therein.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“a-Si”	amorphous silicon (a-Si or α -Si), the non-crystalline allotropic form of silicon
“a-Si Thin-Film Solar PV Business”	the development, production and sale of a-Si Thin-Film Solar PV Modules
“a-Si Thin-Film Solar PV Modules”	a-Si thin-film solar photovoltaic modules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Business Hunter”	Business Hunter Company Limited, a company incorporated in the BVI and wholly-owned by the Target
“BVI”	the British Virgin Islands
“China Gogreen Energy”	China Gogreen Energy Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by Business Hunter

“Company”	China Gogreen Assets Investment Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal
“Completion Date”	the date on which Completion is to take place
“Condition Precedent”	condition precedent to the completion of the SP Agreement as set out in the paragraph headed “Condition precedent” in this announcement
“Consideration”	the total consideration of HK\$50,000,000 payable by the Purchaser to the Company for the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share and the Sale Loan by the Company to the Purchaser pursuant to the terms of the SP Agreement
“GS-Solar Fujian”	福建鈞石能源有限公司 (GS-Solar (Fujian) Company Limited), a company established with limited liability in the PRC
“GS-Solar (Qinghai)”	青海鈞石能源有限公司 (unofficial English translation as GS-Solar (Qinghai) Company Limited), a company established with limited liability in the PRC and a non-wholly-owned subsidiary of the Company
“Henan Gogreen Energy”	河南保綠能源有限公司 (Henan Gogreen Energy Limited), a sino-foreign equity joint venture established in the PRC and beneficially owned by China Gogreen Energy as to 65% with the remaining 35% owned by Zhengzhou High-Tech
“Henan Jun Yang”	河南君陽電力有限公司(unofficial English translation as Henan Jun Yang Electricity Company Limited), a wholly foreign owned enterprise established in the PRC with limited liability and a non-wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party”	a party who is a third party independent of the Company and connected persons of the Company and its subsidiaries
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2012 (or such later date as the Company and the Purchaser may agree in writing)
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Brilliant Tube International Limited, a company incorporated in the BVI with limited liability and wholly and beneficially owned by the Purchaser Guarantor
“Purchaser Guarantor”	Mr. Li Minshou, the sole shareholder and sole director of the Purchaser
“Sale Loan”	the shareholder’s loan due by the Target to the Company as at the Completion Date (the amount outstanding as at the date of the SP Agreement was approximately HK\$390.3 million) and all obligations, liability and debts owing or incurred by the Target to the Company on or at any time prior to the Completion Date whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on the Completion Date
“Sale Share”	one issued share of US\$1.00 each in the capital of the Target, representing 100% of the entire issued share capital of the Target
“SGM”	the special general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, to approve, among other matters, the SP Agreement and the Disposal contemplated thereunder
“Shareholder(s)”	shareholder(s) of the Company
“SP Agreement”	the sale and purchase agreement dated 5 October 2012 entered into between the Company, the Purchaser and the Purchaser Guarantor in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target”	China Gogreen Energy Investment Holdings Limited, a company incorporated in the Cayman Islands with limited liability and wholly-owned by the Company
“Target Group”	the Target and its subsidiaries
“Zhengzhou High-Tech”	鄭州高科技創業投資有限公司 (unofficial English translation as Zhengzhou High-Tech Start-up Investment Co., Ltd.), a limited liability company established in the PRC and is principally engaged in investment holding, and investment management and consultancy
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
China Gogreen Assets Investment Limited
Lawrence Tang
Executive Director

Hong Kong, 7 October 2012

As at the date of this announcement, the executive Directors are Mr. Bai Liang, Mr. Siu Kam Chau, Mr. Lawrence Tang and Mr. Xue Feng, and the independent non-executive Directors are Mr. Chan Chi Yuen, Mr. Chik Chi Man and Mr. Yu Chun Fai.