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GREEN ENERGY GROUP LIMITED

綠色能源科技集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 979)

TERMINATION OF NEGOTIATION OF THE ACQUISITION AGREEMENT AND PROFIT WARNING

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

TERMINATION OF NEGOTIATION OF THE ACQUISITION AGREEMENT

Reference is made to the announcements of Green Energy Group Limited (the “**Company**”) dated 10 December 2010, 21 June 2011 and 22 August 2011 respectively. On 30 November 2010 the Company entered into a conditional sale and purchase agreement (the “**Acquisition Agreement**”) with third parties (the “**Vendors**”) who were independent of the Company and its connected persons in respect of an acquisition (the “**Proposed Acquisition**”) by the Company of the entire issued share capital in, and the entire shareholders’ loan due from, a company (the “**Target Company**”) which would, together with its principal subsidiary, be engaged in the mining, exploration, development and production of magnetite sand/iron ore in the Republic of the Philippines. As set out in the Company’s announcement dated 22 August 2011, on 22 August 2011, the parties to the Acquisition Agreement agreed to confirm the expiry of the long stop date of the Acquisition Agreement with effect from the same day. Notwithstanding this, the Company continued to discuss and negotiate with the Vendors in relation to the Proposed Acquisition.

Notwithstanding such negotiations that had taken place between the parties to the Acquisition Agreement since 22 August 2011, the Company demanded the Vendors to refund the deposit of HK\$30,000,000 (the “**Deposit**”) which was paid by the Company under the Acquisition Agreement and secured by, inter alia, a first fixed charge (the “**Share Charge**”) over the entire issued share capital of the Target Company. The Deposit bears interest at the rate of 5% per annum from the due date of payment to the date of actual payment. The interest accrued thereon up to 31 December 2011 amounted to approximately HK\$727,000. As at the date hereof, the Vendors, have yet to refund to the Company the Deposit and interest thereon.

PROFIT WARNING

After the investigation into the assets owned by the Target Company undertaken by the Company in March 2012, the Company decided to discontinue further negotiations with the Vendors in relation to the Proposed Acquisition. The Company has also begun to take serious steps in enforcing the security constituted by the Share Charge. In view of the uncertainties as to the prospect of recovery of the Deposit and the interest thereon, the Company will make provision for the full amount of the Deposit and the interest thereon and, for this reason, the Company will record a substantial net loss for the year ended 31 December 2011. The Company is still in the process of finalising its annual results for the year ended 31 December 2011 with its auditors. Notwithstanding such full provision as aforesaid, the Company will take all necessary steps to recover the Deposit and interest thereon.

The Company will publish further announcement(s) to update shareholders of the Company and the investing public with the development of the recovery of the Deposit and interest thereon as and when the board of directors of the Company considers appropriate.

The Shareholders are advised to exercise caution in dealing with the shares of the Company.

By order of the Board
Green Energy Group Limited
Yip Wai Leung Jerry
Chairman

28 March 2012

As at the date of this announcement, the Company has two executive directors namely Mr. Yip Wai Leung Jerry and Mr. Fan Xiaomin and two independent non-executive Directors, namely Mr. So Yin Wai and Mr. Tam Chun Wa.

* *for identification purposes only*