

GREENS

GREENS HOLDINGS LTD

格菱控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1318.hk)

To: Business Editor

【For Immediate Release】

Greens announces 2011 Interim Results

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Turnover increased by 87% while profit before taxation increased by 37%

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Significant growth in the Indian market

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Further success in the wind turbine market

Financial Highlights (For the six months ended 30 June)			
	2011	2010	Changes
	(RMB '000)	(RMB '000)	
Revenue	478,827	256,147	+86.9%
Gross profit	113,278	86,090	+31.6%
Gross profit margin	23.7%	33.6%	-9.9 points
Profit before taxation	44,725	32,570	+37.3%
Profit attributable to shareholders	35,737	31,081	+14.8%
Basic earnings per share (RMB)	0.029	0.025	+0.004

(23 August 2011, Hong Kong) **GREENS HOLDINGS LTD** (“Greens” or the “Company”, together with its subsidiaries, the “Group”; stock code: 1318.hk), a leading engineering and manufacturing group focusing on key heat transfer products designed to enhance energy efficiency and the production and sales of wind turbine towers, today announced that its unaudited interim results for six months ended 30 June 2011 (the “Period”).

During the Period, revenue of Group increased by 86.9% (compared to the six months to June 2010) to RMB478.8million, while gross profit increased 31.6% to RMB113.3million. Profit before taxation increased by 37.3% to RMB44.7million and profit attributable to shareholders increased 14.8% from RMB31.1million to RMB35.7million. Basic earnings per share amounted to RMB0.029, versus RMB0.025 as of 30 June 2010. The Board of Directors have not recommend the payment of an interim dividend for the six months ended 30 June 2011 (2010: Nil).

The waste heat recovery products and boiler components segment of the business remained the major revenue driver, contributing RMB175.1million or 36.6% of total turnover. Turnover of economisers, marine boilers, wind turbine towers, waste heat power generation, and service and repairs were approximately RMB142.9million, RMB36.4million, RMB81.1million, RMB39.1million and RMB4.2million respectively; accounting for 29.8%, 7.6%, 16.9%, 8.2% and 0.9% of the Group's total turnover.

*For identification purpose only

Mr Frank Ellis, Chairman, CEO and Executive Director of Greens, said, “The Group is continuing with its successful strategy of focusing its core product range on niche specialist markets that require engineered solutions for environmental and efficiency enhancement, concentrating on locations that are least affected by the ongoing turbulence in the global economy. Asia, particularly China and India, where the economy has been more stable compared to other international markets and where infrastructure investment has continued to grow has been the recent focus of the Group. The effectiveness of such strategy has been reflected in **Greens’** significant jump in revenue and continued profit increases.”

As at 30 June 2011, the Group had approximately RMB149million in cash and cash equivalents, compared to RMB298million as at 31 December 2010. The gearing ratio calculated as a ratio of total debt to balance of equity attributable to owners changed slightly from 39% as at 31 December 2010 to approximately 43.3% as at 30 June 2011.

During the Period, waste heat recovery products and boiler components remained the major revenue driver of the Group, generating a turnover of RMB175.1million (six months ended 30 June 2010: RMB96.8million). The increase in revenue in this business segment was mainly attributable to strong growth in China and the successful penetration of the Indian market where Greens’ branding is strong because of its British heritage. In particular, revenue from India recorded significant growth to RMB93.8million representing 19.6% of the total revenue for the Period. In addition, year-on-year growth was exaggerated based on the comparably low turnover in the first half of 2010 due to a major HRSG order completed with most of the raw materials being free-issued by the customer. Products in this sector, including Heat Recovery Stream Generators (“HRSGs”), waste heat boilers and waste heat recovery products, which are mainly supplied to industrial and energy plants in China and India for the purpose of recovering waste heat from daily operations and reducing emissions.

As the Group’s historical and traditional product, economisers achieved a continued sales growth of approximately 25.4% to RMB142.9million during the Period (six months ended 30 June 2010: RMB114.0million), with China continuing to be the largest sales market and India the second. This increase was attributable to a combination of new projects from coal-fired power plants in China amid the trend of upgrading less efficient boilers installed during the rapid expansion of base load power plants in China with more efficient technologies. During the Period, the Group has successfully launched the lower temperature heat transfer products to extract the maximum amount of useful heat from exhaust gases to maximise operating efficiency, while a number of industrial size units and the first utility size unit were supplied to the Indian market.

Sales of marine products increased by 50.4% to RMB36.4million (six months ended 30 June 2010: RMB24.2million). With the recovery of the shipbuilding industry in Asia and particularly China which is now the largest shipbuilder in the world, **Greens** is one of a few key suppliers offering a one-stop shop proposition of providing self-manufactured goods together with outsourced items which has enhanced the Groups position in the market and led to revenue growth.

Greens commenced its wind turbine tower manufacture and sales from its Tongliao City facilities in Inner Mongolia in the fourth quarter of 2010. During the Period, the segment has contributed significant revenue of RMB81.1million (six months ended 30 June 2010: Nil). The Group has been continuing to expand its operations in supplying wind turbine towers where demand for this alternative energy power continues to grow. During the second quarter of year 2011, the Group has successfully won a number of new orders from various tenders to produce 99 sets of wind turbine towers, to be delivered to various wind farms operated by a Hong Kong listed wind power generator group.

During the Period, the Group’s order book levels have increased, and reached a record level in May 2011 and the outlook for the remainders of 2011 and 2012 is even more encouraging. **Greens** has a global sales network and the demand for its products is expected to remain strong in the rest of the year and into 2012. The enhancement in production facilities of the Group in 2010 and 2011 has released significant growth in output volume to facilitate such increase in demand to capture further growth opportunities. The Group will carry out the following strategies:

- (i) **Ongoing Group expansion plans:** The group has successfully completed all the expansion plans of its core production facilities in the past two years. The management has adopted a more cautious approach in the remaining expansion plans under current turbulent market conditions. Currently, the group intends to establish new production facilities in India and later in Brazil.

- (ii) **Continued technology enhancements:** The Group has committed to advance its technology level through cooperation with leading international engineering, procurement and construction contract providers (“EPC”) and acquisition of licenses and technologies, especially for its power equipment construction and heat transfer product business.
- (iii) **Wider global engineering profile:** Recently, the Group has undertaken projects in various countries, including two orders to design and manufacture HRSGs in India and Pakistan, and a number of new orders with a leading biomass power plant EPC and gas fired power stations have entered the final stage. The Group will continue to capitalize on its track record and experience to promote products and support customers through sales offices in UK, India, China, USA, Japan and Singapore; as well as to maintain close contact with key customers in these countries.

Mr Ellis concluded, “The outlook of the Group in the second half of the year remains positive. Leveraging on the environmental targets set out in China and India’s 12th five-year-plan and worldwide obligations and commitments for energy efficiency enhancement and emission reduction, we believe the demand for energy efficiency products will continue to grow which represents further opportunities to the Group. Though a number of factors, such as the tightening of debt financing in a number of developed countries might pose challenge to the Group, they are not expected to have substantial effect to the overall development of the Group because of its niche market strategy, built-in competitive edge, including long established track record due to its British heritage, far-reaching client base, competent design facilities and modern and extensive production facilities in China, the Group is well-positioned to take on every opportunity and challenge ahead.”

About GREENS HOLDINGS LTD (01318.HK)

Based in China and the UK, **GREENS HOLDINGS LTD** is a leading international supplier of key heat transfer products and solutions designed to enhance energy efficiency and reduce heat and carbon dioxide emissions, with core business of manufacturing of high quality waste heat recovery products such as Heat Recovery Steam Generators (HRSGs) and waste heat boilers, economisers used in coal-fired power plants, marine products, as well as providing related services and repairs. Recently, **Greens** has diversified into other alternative energy solutions such as the production and sales of wind turbine towers and operating waste heat power generation projects on build-operate-transfer (BOT) basis to benefit from the rising demand for alternative energy.

Greens’ manufacturing facilities are located in Shanghai and Jiangsu Province of the Yangtze River Delta, the PRC. Its global sales network covers over 20 countries including those in Europe, China, Japan, Singapore, South and North America, India and other parts of Asia. It received certifications from leading agencies around the world, including ASME certificates in the US and the EN certificate in Europe.

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