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GREENS

GREENS HOLDINGS LTD

格菱控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 01318)

Further change of use of proceeds

Further to the 2010 Announcement, the Board would like to announce that based on the current opportunities available to the Group, the Company will further change the use of net proceeds from the Global Offering to continue to strengthen the future development of the Group.

Reference is made to the Prospectus of GREENS HOLDINGS LTD (the “**Company**” together with its subsidiaries, the “**Group**”) relating to the Global Offering. Further reference is made to the announcement of the Company dated 7 December 2010 (the “**2010 Announcement**”). Unless otherwise stated, capitalized terms used herein shall have the same meaning as defined in the Prospectus and the 2010 Announcement.

INTRODUCTION

It was stated in the 2010 Announcement that the Company had changed the intended use of the remaining amount of the Net Proceeds for other specific purposes. The table below shows the amount of proceeds allocated for each specified purpose under the 2010 Announcement and the unutilized amount as of the end of May 2011 for each of those purposes:

	Re-allocated amount as per 2010 Announcement	Unutilized Total as of 31 May, 2011
	RMB million	RMB million
Increase in manufacturing capacity	20	-
Purchases of additional machinery for the Xieqiao plant of the Group;	20	-
Expansion of global sales network	83	80.0
(i) for development of India representative office and production facilities;	36	35.5
(ii) for development of Brazil representative office and production facilities;	38	38.0
(iii) for machinery at Singapore; and	5	3.3
(iv) for sales office in US	4	3.2
Acquire licenses and technologies	84	64.0
(i) for licensed technologies for the manufacturing of waste heat recovery products for 9F class HRSGs; and	61	41.0
(ii) for technologies relating to power plants design and engineering	23	23.0
Further development of wind turbine tower plant and its working capital	80	50.0
(i) further expansion of storage and production space on a piece of land adjacent to the existing plant	50	50.0
(ii) working capital to facilitate new orders for wind turbine towers	30	-
Strengthen working capital for core business of the Group	82	-
(i) working capital to facilitate new orders for heat transfer products	51	-
(ii) general working capital	31	-
Total	349	194

FURTHER CHANGE OF USE OF PROCEEDS

The latest development of the Group's operations and changes to the business environment has necessitated some adjustments in strategy to capitalize further on the more active new markets for its core products. To this effect the Group has carried out a review of the intended uses of remaining amount of the Net Proceeds. After careful consideration and detailed evaluation of the Group's operations, the business environment and its business objectives, the board of directors of the Company (the '**Board**') has resolved to re-prioritize a number of additional development projects and opportunities in the Group's plans and, consequently, some of the original intended applications the Net Proceeds have been revised and rescheduled.

1. Waste Heat Recovery Products

Significant numbers of new orders for the Group's heat transfer products have been received to date which include sizable orders from India for the waste heat recovery products. Since the successful development of the market in India during late 2010, the Group has been manufacturing 6 sets of heat recovery steam generators (HRSGs) for a number of gas-based 225MW power plants in India. In addition, new orders have been placed by an American based global engineering company (which supplies one source plants, systems and services to the cement and minerals industries) for a number of waste heat boilers and related accessories to be installed onto various cement plants in India and other South Asia countries. Further opportunities have been identified in this market. The average invoiced amount of orders for waste heat recovery products are significantly greater than regular orders for economisers and to fulfill such orders for waste heat recovery products takes longer than other products (especially those turnkey projects) hence, a growth in orders for this product segment will require additional working capital to the Group. After due consideration of the relevant factors, given the growth in this area and the future project under consideration, the Board considers it to be appropriate to reallocate the proceeds to funding the working capital of new orders through current production facilities with part of the unutilized Net Proceeds rather than further investing in manufacturing facilities in India at this stage (the set-up of production facilities taking a proportionately longer lead time to implement).

2. Wind Turbine Towers

Recently, the Group's newly built factory in Inner Mongolia has won a series of new orders for wind turbine towers from a leading renewable energy generation group in China and the Group is intending to actively participate in more tenders of other leading power generation operators in China so as to further build up the order book for the product segment. Given the prosperous market sentiment to wind turbine towers, the substantial increase in production volume will create additional demand for working capital. It is expected that the raw materials, parts and components to be purchased to facilitate the growth in volume of the wind turbine tower business and the heat transfer product business will be fully utilized in the Group's production process in due course. Hence, after thorough consideration, the Board decides to re-allocate part of the unutilized Net Proceeds as working capital to meet the Group's latest development in the segment.

3. Global economy and bank credit market environment

Since the IPO the slowdown in the Global economy has impacted the timing, strategy and opportunities available to invest in South America, USA and Europe, with greater emphasis by the Company being placed on investment in both the faster developing Asian markets and the successful investment licensed technology and machinery to increase manufacturing capacity. Despite looking at a number of potential opportunities, the planned investment in the USA and South America has been slower than expected, however investment in these areas remains key part of the ongoing strategy of the Group in the future where the most beneficial, value enhancing and advantageous opportunities arise.

Under the bank credit market environment in China, the cost of raising additional bank credit to finance the Group's latest developments has been increased accordingly. Given most of the business operations of the Group is still concentrated in China, the Board has considered limiting its reliance in domestic debt financing. Utilizing parts of the Net Proceeds would help replenishing the working capital requirement of the Group. For that reason, the Board considers the re-designation of part of the unutilized Net Proceeds as general working capital would represent more effective use of its existing financing resources.

Having carefully considered the above factors, the Board has resolved that it would be in the best interest of the Company to amend the intended application of the approximately Rmb194 million unutilized Net Proceeds in the following manner,

Use of the remaining Net Proceeds as revised	
RMB million	
Further development of wind turbine tower plant	50
Further expansion of storage and production space on a piece of land adjacent to the existing plant	50
Strengthen working capital for core business of the Group	144
(i) working capital to facilitate orders for heat transfer products	60
(ii) working capital to facilitate orders for wind turbine towers	64
(iii) partial repayment of bank loans	20
Total	194

There is no change to the overall development plan of the Group though, given the change in use of the Net Proceeds, the projects originally planned for investment, including the expansion of global network and acquiring licenses and technologies will be re-scheduled to the later stage and to be financed by the Group's internal resources generated on an ongoing basis.

CONCLUSION

The Board is of the view that the above re-allocation of the unutilized Net Proceeds will facilitate more efficient allocation of financial resources within the Company and would meet the financial needs of the Group more effectively by funding specific business segments within the Group with additional resources as a result of the latest development of the Group's operations and business. The Board believes that such flexibility in financial management is in the best interests of the Company and its shareholders as a whole.

By order of the Board
GREENS HOLDINGS LTD
格菱控股有限公司*
Mr. Frank Ellis
Chairman

Hong Kong, 30 June 2011.

As at the date of this announcement, the Board comprises three executive directors namely Mr. Frank Ellis, Mr. Xie Zhiqing and Ms. Chen Tianyi; Mr. Zhu Keming as non-executive director and three independent non-executive directors namely Mr. Jack Michael Biddison, Mr. Yim Kai Pung and Mr. Ling Xiang.

** for identification purposes only*