GREENS

GREENS HOLDINGS LTD

格菱控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 01318)

PRELIMINARY INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2011

PERFORMANCE HIGHLIGHTS

Revenue of the Group for the six months ended 30 June 2011 was approximately RMB478.8 million, representing an increase of 87.0% compared with the corresponding period last year in line with the Company growth strategy and success in the waste heat recovery products segment.

Profit attributable to owners of the Company for the period under review was approximately RMB35.7 million, representing an increase of 14.8% as compared with the corresponding period last year.

Basic earnings per share for the period under review amounted to RMB0.029, representing an increase of 16.0% as compared with the corresponding period last year.

The Board do not recommended payment of interim dividend for the six months ended 30 June 2011.

* *for identification purpose only*

The board of directors (the "**Board**") of GREENS HOLDINGS LTD (the "**Company**") is pleased to present the unaudited interim results for the six months ended 30 June 2011 (the "**Period**") for the Company and its subsidiaries (collectively, the "**Group**") together with unaudited comparative figures for the six months ended 30 June 2010. The Group's interim results for the Period is unaudited, but have been reviewed by the Company's auditor, Ernst & Young and the audit committee of the Company.

INTERIM CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2011

		For the six months ended 30 June	
		2011	2010
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE	*5*	**478,827**	256,147
Cost of sales		**(365,549)**	(170,057)
Gross profit		**113,278**	86,090
Other income and gains	*5*	**6,453**	21,771
Selling and distribution costs		**(11,080)**	(10,475)
Administrative expenses		**(50,674)**	(42,203)
Other expenses		**(2,433)**	(11,930)
Finance costs	*7*	**(10,819)**	(10,683)
PROFIT BEFORE TAX	*6*	**44,725**	32,570
Income tax expense	*8*	**(8,988)**	(1,489)
PROFIT FOR THE PERIOD		**35,737**	31,081
Attributable to:			
Owners of the parent		**35,737**	31,081
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic and diluted			
— For profit for the period		**RMB0.029**	RMB0.025

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	For the six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**35,737**	31,081
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**(971)**	(2,425)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**34,766**	28,656
Attributable to:		
Owners of the parent	**34,766**	28,656

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2011

	Notes	30 June 2011 RMB'000 (Unaudited)	31 December 2010 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**315,262**	312,538
Prepaid land lease payments	*12*	**58,421**	58,130
Other intangible assets	*13*	**155,504**	146,370
Financial assets — amount due from a grantor	*14*	**20,839**	—
Deferred tax assets	*21*	**1,723**	1,826
Total non-current assets		**551,749**	518,864
CURRENT ASSETS			
Inventories	*15*	**58,151**	30,244
Construction contracts	*16*	**467,883**	267,439
Trade receivables	*17*	**311,107**	299,128
Prepayments, deposits and other receivables	*18*	**92,258**	109,701
Derivative financial instruments		**456**	—
Financial assets — amount due from a grantor	*14*	**4,167**	—
Pledged deposits		**94,170**	13,550
Cash and cash equivalents		**149,345**	298,442
Total current assets		**1,177,537**	1,018,504
CURRENT LIABILITIES			
Trade and bills payables	*19*	**395,807**	286,990
Construction contracts	*16*	**—**	1,988
Other payables and accruals		**57,128**	34,660
Derivative financial instruments		**—**	322
Interest-bearing bank and other borrowings	*20*	**279,000**	235,039
Tax payable		**8,198**	14,229
Total current liabilities		**740,133**	573,228
NET CURRENT ASSETS		**437,404**	445,276
TOTAL ASSETS LESS CURRENT LIABILITIES		**989,153**	964,140

	Notes	**30 June 2011**	31 December 2010
		RMB'000	*RMB'000*
		(Unaudited)	(Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		**989,153**	964,140
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*20*	**90,000**	90,000
Deferred tax liabilities	*21*	**31,323**	23,738
Deferred income		**16,384**	17,408
Total non-current liabilities		**137,707**	131,146
Net assets		**851,446**	832,994
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*22*	**85,004**	85,004
Reserves		**766,442**	731,676
Proposed final dividends	*9*	**—**	16,314
Total equity		**851,446**	832,994

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	Attributable to owners of the parent									
	Issued capital *RMB'000*	Share premium account *RMB'000*	Contributed surplus *RMB'000*	Exchange fluctuation reserve *RMB'000*	Reserve funds *RMB'000*	Retained profits *RMB'000*	Proposed final dividends *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2010	85,004	475,438	137,935	(5,066)	21,371	68,549	23,634	806,865	3,300	810,165
Profit for the period	—	—	—	—	—	31,081	—	31,081	—	31,081
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	—	—	—	(2,425)	—	—	—	(2,425)	—	(2,425)
Total comprehensive income for the period	—	—	—	(2,425)	—	31,081	—	28,656	—	28,656
Dividend declared*	—	—	—	—	—	—	(23,634)	(23,634)	—	(23,634)
Acquisition of non-controlling interests	—	—	—	—	—	—	—	—	(3,300)	(3,300)
At 30 June 2010 (Unaudited)	85,004	475,438	137,935	(7,491)	21,371	99,630	—	811,887	—	811,887
At 1 January 2011	85,004	459,124	137,935	(20,614)	24,664	130,567	16,314	832,994	—	832,994
Profit for the period	—	—	—	—	—	35,737	—	35,737	—	35,737
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	—	—	—	(971)	—	—	—	(971)	—	(971)
Total comprehensive income for the period	—	—	—	(971)	—	35,737	—	34,766	—	34,766
Dividend declared*	—	—	—	—	—	—	(16,314)	(16,314)	—	(16,314)
At 30 June 2011 (Unaudited)	85,004	459,124	137,935	(21,585)	24,664	166,304	—	851,446	—	851,446

* Pursuant to the article of association of the Company, dividends were declared and paid from share premium account.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011

	For the six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net cash flows used in operating activities	**(82,405)**	(5,539)
Net cash flows used in investing activities	**(98,470)**	(38,973)
Net cash flows from/(used in) financing activities	**33,142**	(43,183)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(147,733)**	(87,695)
Cash and cash equivalents at beginning of period	**298,442**	509,796
Effect of foreign exchange rate changes, net	**(1,364)**	(2,213)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**149,345**	419,888

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2011

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (2007 Revision) Chapter 22 of the Cayman Islands on 27 February 2008. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Main Board of HKEx**") since 6 November 2009. The registered office of the Company is ATC Trustees (Cayman) Limited, George Town, Grand Cayman KY1-1203, Cayman Islands.

The principal activity of the Company is investment holding. The principal activities of the Group are the manufacture and supply of heat transfer products and solutions, including economisers, waste heat recovery products, wind turbine towers, marine products and boiler components as well as related services and repairs and waste heat power generation.

In the opinion of the directors, the ultimate controlling shareholders of the Company are Frank Ellis, Xie Zhiqing and Chen Tianyi.

2. BASIS OF PREPARATION

The interim condensed financial information for six months ended 30 June 2011 has been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2010.

3.1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and basis of preparation adopted in the preparation of the interim condensed financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010, except for the adoption of new and revised International Financial Reporting Standards ("**IFRSs**") and International Financial Reporting Interpretations Committee ("**IFRIC**") interpretations as noted below.

The Group has adopted the following new and revised IFRSs for the first time in this interim condensed financial information.

IFRS 1 Amendment	Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards — Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*
IAS 24 (Revised)	*Related Party Disclosures*
IAS 32 Amendment	Amendment to IAS 32 *Financial Instruments: Presentation — Classification of Rights Issues*
IFRIC 14 Amendments	Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement*
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to IFRSs 2010*	Amendments to a number of IFRSs issued in May 2010

* Improvements to IFRSs 2010 sets out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarifying words, including IFRS 3, IAS 27, IFRS 1, IFRS 7, IAS 1, IAS 34 and IFRIC 13.

The adoption of these new and revised IFRSs has had no significant financial effect on this interim condensed financial information and there have been no significant changes to the accounting policies applied in this interim condensed financial information.

3.2 ISSUED BUT NOT YET EFFECTIVE IFRS

The Group has not applied the following new and revised IFRSs, which have been issued but are not yet effective, in the interim condensed financial information.

IFRS 1 Amendments	*First-time Adoption of IFRSs — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*[1]
IFRS 7 Amendments	*Financial Instruments: Disclosures — Transfers of Financial Assets*[1]
IFRS 9	*Financial Instruments*[4]
IAS 12 Amendments	*Income taxes — Deferred Tax: Recovery of Underlying Assets*[2]
IFRS 10	*Consolidated Financial Statements*[4]
IFRS 11	*Joint Arrangements*[4]
IFRS 12	*Disclosure of Interests in Other Entities*[4]
IFRS 13	*Fair Value Measurement*[4]
IAS 27 Amendments	*Separate Financial Statements*[4]
IAS 28 Amendments	*Investments in Associates and Joint Ventures*[4]
IAS 19 Amendments	*Employee Benefits*[4]
IAS 1 (Revised)	*Presentation of Financial Statements*[3]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2012
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

4. OPERATING SEGMENT INFORMATION

For on-going management purposes, the Group is organised into business units based on their products and services and has six reportable operating segments as follows:

(a) Economiser — key heat transfer equipment typically installed in boiler systems for power plants;

(b) Waste heat recovery products and boiler components — systems that extract thermal energy contained in the waste gases emitted from various industrial utilisations and utilise the recovered thermal energy in another process of further utilisations, air-preheaters, superheaters, and other components such as power station steel structures and finned tubes;

(c) Marine products — packaged marine boiler products generally categorised into fired boilers and other marine boilers;

(d) Waste heat power generation — construction and operation of waste heat power generation facilities;

(e) Wind turbine towers — tubular steel structure which holds the nacelle that includes the generator; and

(f) Services and repairs — boiler conversions, upgrades, general maintenance services on marine or land boilers, installations, testing and repairs.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, dividend income, fair value gains/(losses) from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude derivative financial instruments, deferred tax assets, pledged deposits, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, interest-bearing bank and other borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Period ended 30 June 2011	**Economisers** *RMB'000* (Unaudited)	**Waste heat recovery products and boiler components** *RMB'000* (Unaudited)	**Marine products** *RMB'000* (Unaudited)	**Waste heat power generation** *RMB'000* (Unaudited)	**Wind turbine towers** *RMB'000* (Unaudited)	**Service and repairs** *RMB'000* (Unaudited)	**Total** *RMB'000* (Unaudited)
Segment revenue:							
Sales to external customers	142,947	175,065	36,426	39,081	81,077	4,231	478,827
Intersegment sales	—	—	—	—	—	—	—
	142,947	175,065	36,426	39,081	81,077	4,231	478,827
Reconciliation:							
Elimination of intersegment sales							—
Revenue							478,827
Segment gross margin	44,673	40,364	9,812	5,259	10,548	2,622	113,278
Allocated gains and expenses	(3,880)	—	(3,267)	3,773	(101)	—	(3,475)
Segment results	40,793	40,364	6,545	9,032	10,447	2,622	109,803
Reconciliation:							
Elimination of intersegment results							—
Interest income							785
Unallocated gains							1,654
Corporate and other unallocated expenses							(56,698)
Finance costs							(10,819)
Profit before tax							44,725

Period ended 30 June 2011

	Economisers *RMB'000* **(Unaudited)**	**Waste heat recovery products and boiler components** *RMB'000* **(Unaudited)**	**Marine products** *RMB'000* **(Unaudited)**	**Waste heat power generation** *RMB'000* **(Unaudited)**	**Wind turbine towers** *RMB'000* **(Unaudited)**	**Service and repairs** *RMB'000* **(Unaudited)**	**Total** *RMB'000* **(Unaudited)**
Segment assets	**214,012**	**249,649**	**27,351**	**118,345**	**112,318**	**2,890**	**724,565**
Reconciliation:							
Elimination of intersegment receivables							**—**
Corporate and other unallocated assets							**1,004,721**
Total assets							**1,729,286**
Segment liabilities	**151,228**	**5,124**	**11,297**	**21,764**	**8,168**	**—**	**197,581**
Reconciliation:							
Elimination of intersegment payables							**—**
Corporate and other unallocated liabilities							**680,259**
Total liabilities							**877,840**
Other segment information:							
Impairment losses recognised in the income statement	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Impairment losses reversed in the income statement	**—**	**—**	**—**	**—**	**—**	**12**	**12**
Depreciation and amortisation	**1,026**	**13,086**	**1,028**	**10,520**	**2,675**	**—**	**28,335**
Capital expenditure*	**183**	**28,291**	**7**	**—**	**8,659**	**—**	**37,140**

* Capital expenditure consists of additions to property, plant and equipment, other intangible assets and prepaid land lease payments.

Period ended 30 June 2010

	Economisers *RMB'000* (Unaudited)	Waste heat recovery products and boiler components *RMB'000* (Unaudited)	Marine products *RMB'000* (Unaudited)	Waste heat power generation *RMB'000* (Unaudited)	Wind turbine towers *RMB'000* (Unaudited)	Service and repairs *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment revenue:							
Sales to external customers	114,036	96,841	24,177	10,128	—	10,965	256,147
Intersegment sales	—	—	—	—	—	—	—
	114,036	96,841	24,177	10,128	—	10,965	256,147
Reconciliation:							
Elimination of intersegment sales							—
Revenue							256,147
Segment results	38,766	46,002	2,744	1,550	—	2,008	91,070
Reconciliation:							
Elimination of intersegment results							—
Interest income							1,338
Unallocated gains							3,523
Corporate and other unallocated expenses							(52,678)
Finance costs							(10,683)
Profit before tax							32,570

Year ended 31 December 2010	Economisers *RMB'000* (Audited)	Waste heat recovery products and boiler components *RMB'000* (Audited)	Marine products *RMB'000* (Audited)	Waste heat power generation *RMB'000* (Audited)	Wind turbine towers *RMB'000* (Audited)	Service and repairs *RMB'000* (Audited)	Total *RMB'000* (Audited)
Segment assets	188,223	223,812	30,021	106,102	103,989	3,093	655,240
Reconciliation:							
Elimination of intersegment receivables							—
Corporate and other unallocated assets							882,128
Total assets							1,537,368
Segment liabilities	175,656	5,471	895	23,676	7,770	—	213,468
Reconciliation:							
Elimination of intersegment payables							—
Corporate and other unallocated liabilities							490,906
Total liabilities							704,374
Other segment information:							
Impairment losses recognised in the income statement	—	—	—	—	—	1,609	1,609
Impairment losses reversed in the income statement	(1,296)	(479)	(859)	—	—	—	(2,634)
Depreciation and amortisation	314	3,142	20,743	22,102	4,453	948	51,702
Capital expenditure*	1,982	41,157	30	—	47,117	5,217	95,503

* Capital expenditure consists of additions to property, plant and equipment, other intangible assets and prepaid land lease payment.

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
The PRC	**325,545**	188,600
Europe	**44,159**	54,103
India	**93,768**	—
America	**134**	9,762
Other countries	**15,221**	3,682
	478,827	256,147

The revenue information above is based on the location of the customers.

(b) Non-current assets

	30 June 2011	31 December 2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
The PRC	**492,210**	462,891
The UK	**57,816**	54,147
	550,026	517,038

The non-current asset information above is based on the location of assets and excludes deferred tax assets.

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

Revenue of approximately RMB109,564,000 was derived from sales by the economisers segment and the waste heat recovery products and boiler components segment to customer A, including sales to a group of entities which are known to be under common control with that customer.

Revenue of approximately RMB68,917,000 was derived from sales by the economisers segment and the waste heat recovery products and boiler components segment to customer B, including sales to a group of entities which are known to be under common control with that customer.

Revenue of approximately RMB49,484,000 was derived from sales by the wind turbine towers segment to customer C, including sales to a group of entities which are known to be under common control with that customer.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts; an appropriate proportion of contract revenue of construction contracts; and the value of services rendered.

An analysis of revenue, other income and gains is as follows:

		For the six months ended 30 June	
		2011	2010
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenues			
Construction contracts		**435,515**	235,054
Sale of goods		**39,081**	10,128
Rendering of services		**4,231**	10,965
		478,827	256,147
Other income and gains			
Bank interest income		**785**	722
Other interest income		**—**	616
Release of investment-related subsidy income		**1,024**	568
Income from cancellation of contracts	*i*	**—**	8,536
Subsidy income		**—**	5,242
Income from transfer agreements	*ii*	**4,000**	—
Fair value gains for foreign exchange forward contracts		**456**	4,379
Others		**188**	1,708
		6,453	21,771

Notes:

i. It represented contract cancellation fee net of any cost of sales incurred from cancellation of contracts during the period.

ii. In June 2010, in order to stabilise the revenue from electricity sales of Baicheng Greens Waste-Heat Power Generation Co. Ltd ("**Baicheng Greens**"), the Group began negotiations with an independent third party to seek to guarantee Baicheng Greens' annual revenue of RMB60 million for the five year period starting on 22 June 2010. On 30 December 2010 Baicheng Greens and the independent third party entered into various trust agreements through Shanghai AJ Trust & Investment Co., Ltd ("**AJ Trust**"). These trust agreements provide that, for each of the six month periods starting from 22 June 2010 until 21 June 2015, if the revenue from electricity sales of Baicheng Greens is less than RMB30 million, the independent third party will compensate Baicheng Greens for the shortfall up to RMB4 million. If the revenue exceeds RMB30 million in any six month period, Baicheng Greens will pay the independent third party the excess of the revenue above RMB30 million. It is agreed that both Baicheng Greens and the independent third party have the option to terminate the trust agreements at the start of each six month period.

    Baicheng Greens' revenue during mid of December 2010 to mid of June 2011 was lower than the target of RMB30 million, thus Baicheng Greens had rights to collect RMB4 million from the third party and had no obligation due to this third party. To this effect it recorded RMB4 million in the other income in this second six-month period during the first half year of 2011, which was paid in full by the third party through AJ Trust in February 2011.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		For the six months ended 30 June	
		2011	2010
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Cost of inventories sold	*i*	**363,940**	168,929
Cost of services provided		**1,609**	1,128
Depreciation		**14,261**	10,223
Amortisation of other intangible assets	*13*	**13,493**	12,621
Minimum lease payments under operating leases:			
Land and buildings		**3,853**	3,766
Recognition of prepaid land lease payments	*12*	**581**	335
Auditors' remuneration		**764**	1,166
Employee benefit expense (including directors' remuneration) :			
Wages and salaries		**37,765**	34,364
Pension scheme contributions		**1,678**	1,579
		39,443	35,943
Foreign exchange differences, net		**1,837**	10,842
Impairment of accounts receivable/(reversal), net		**(12)**	1,088
Fair value gains, net:			
Derivative financial instruments at fair value through profit or loss		**(456)**	(4,379)
Bank interest income	*5*	**(785)**	(722)

Notes:

i. As at 30 June 2011, Baicheng Greens entered into an agreement to receive RMB4,627,000 from Xinjiang International Coking Company Limited ("**Xinjiang Coking**"). This has been treated as a deduction of Baicheng Greens' purchasing costs of waste gas from Xinjiang Coking in the period from September 2009 to June 2011. As this reduction was directly attributable to the costs incurred in the prior periods, it was treated as cost reductions in cost of sales (rather than other income) in the interim period ended 30 June 2011.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**11,028**	10,683
Less: Interest capitalised	**(209)**	—
	10,819	10,683

8. INCOME TAX

The Company is incorporated in the Cayman Islands and is not subject to any income tax.

Group entities incorporated in the British Virgin Islands are not subject to any income tax.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong for the period ended 30 June 2011 (2010: Nil).

Greens Power Limited (UK), E Green & Son Limited, Senior Green Limited, TEI Greens Limited, Greens Economisers Limited are incorporated in the UK and are subject to UK corporation tax at a statutory tax rate of 28% for the period ended 30 June 2011 (2010: 28%).

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the Group entities registered in the PRC is 25% from 1 January 2008 onwards.

Greens Power Equipment (China) Limited ("**GPEL**"), being a foreign investment enterprise registered in Jingjiang Economic Development Zone, Jiangsu, the PRC, was entitled to an exemption from EIT for two years starting from its first profit-making year, followed by a 50% tax relief for the following three years. GPEL's first profit making year was 2007 and it was entitled to and enjoyed tax exemption in 2007 and 2008 and a 50% tax relief from 2009 to 2011. Therefore, the applicable income tax rate of GPEL for the periods ended 30 June 2011 and 2010 were both 12.5%.

Baicheng Greens, being a foreign investment enterprise registered in Xinjiang Uygur Autonomous Region, the PRC, was certified the corporation of comprehensive utilization of resources from July 2010 to July 2012. Thus, Baicheng Greens can be entitled to a preferential tax rate of 15% in 2010 and 2011, which is subject to annual approval by the relevant authorities.

	For the six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Group:		
Current — Mainland China		
Charge for the period	**2,398**	8,232
Over provision in prior years	**(221)**	(66)
Reversal of withholding tax on capital gains arising from the group reorganisation	**—**	(6,818)
Current — UK		
Tax credits for the period	**(877)**	—
Deferred *(note 21)*	**7,688**	141
Total tax charge for the period	**8,988**	1,489

9. DIVIDENDS

(a) Dividends attributable to the interim period

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

(b) Dividends attributable to the previous financial year, declared during the interim period

	For the six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Declared during the period		
Final Dividend for 2010: HK1.54 cents (2009: HK2.17 cents) per ordinary share	**16,314**	23,634

A final dividend of HK1.54 cents per share in respect of the year ended 31 December 2010 was approved by the shareholders in the annual general meeting on 28 April 2011, and was paid on 29 July 2011.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amount is based on the profit for the interim period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,245,000,000 (2010: 1,245,000,000) in issue during the interim period, as adjusted to reflect the rights issue during the interim period.

The calculation of basic earnings per share is based on:

	For the six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**35,737**	31,081

	Number of shares	
	2011	2010
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**1,245,000**	1,245,000

The Group had no potentially dilutive ordinary shares in issue during the interim periods ended 30 June 2011 and 2010.

11. ACQUISITIONS AND DISPOSALS OF ITEMS OF PROPERTY, PLANT AND EQUIPMENT

During the interim period ended 30 June 2011, the acquisitions of property, plant and equipment approximated to RMB16,930,000 (the interim period ended 30 June 2010: RMB60,441,000).

During the interim period ended 30 June 2011, the disposals of property, plant and equipment approximated to RMB16,000 (the interim period ended 30 June 2010: Nil).

12. PREPAID LAND LEASE PAYMENTS

	2011 ***RMB'000*** **(Unaudited)**
Carrying amount at 1 January 2011	**59,355**
Additions during the period	**889**
Recognised during the period	**(581)**
Carrying amount at 30 June 2011	**59,663**
Current portion included in prepayments, deposits and other receivables	**(1,242)**
Non-current portion	**58,421**

The leasehold land is situated in Mainland China and is held under a long term lease.

13. OTHER INTANGIBLE ASSETS

	Software *RMB'000* (Unaudited)	**Trade name** *RMB'000* (Unaudited)	**Customer relationships** *RMB'000* (Unaudited)	**Technology** *RMB'000* (Unaudited) *(Note i)*	**Service concession arrangement** *RMB'000* (Unaudited) *(Note ii,iii)*	**Total** *RMB'000* (Unaudited)
Cost at 1 January 2011, net of accumulated amortisation	44	15,915	23,615	12,111	94,685	146,370
Additions	417	—	—	18,904	3,306	22,627
Amortisation provided during the period	(53)	(458)	(1,171)	(1,290)	(10,521)	(13,493)
At 30 June 2011	408	15,457	22,444	29,725	87,470	155,504
At 30 June 2011:						
Cost	484	18,124	28,903	33,261	131,306	212,078
Accumulated amortisation	(76)	(2,667)	(6,459)	(3,536)	(43,836)	(56,574)
Net carrying amount	408	15,457	22,444	29,725	87,470	155,504

Notes:

(i) Technology primarily consists of know-how, manufacturing techniques and other proprietary technologies that are not patented.

(ii) Baicheng Greens entered into a cooperation agreement with Xinjiang Coking in Xinjiang Autonomous Region, pursuant to which Xinjiang Coking granted its Waste Heat Power Generation Project to Baicheng Greens.

Pursuant to the cooperation agreement, Baicheng Greens is responsible for the construction of the infrastructure and equipment of the power station for the project. Baicheng Greens will operate the power station and sell electricity generated from the waste heat to State Grid Corporation of China for public use for six consecutive years after the construction has been completed, i.e., by 31 July 2015. Baicheng Greens will not hold any residual interest in the infrastructure and equipment upon termination of the operating period. As such, the arrangement under the cooperation agreement is accounted for as a service concession arrangement and the right to operate the power station is regarded as an intangible asset. Amortisation of the intangible asset is provided for over the operation period on a straight-line basis when the power station commences its operation.

(iii) In March 2010, GPEL entered into a cooperation agreement with Kunming Malong Chemical Co., Ltd. ("**Malong Chemical**") in Yunnan Province, pursuant to which, Malong Chemical granted the Waste Heat Power Generation Project to the GPEL.

Pursuant to the cooperation agreement, GPEL set up a new subsidiary Kunming Greens Energy Saving Co., Ltd. ("**Greens Kunming**") which was responsible for the construction of the infrastructure and equipment of the power station for the project. Greens Kunming will operate the power station and sell electricity and steam generated from the waste heat to Malong Chemical for six consecutive years after the power station commences its operation scheduled for late August 2011. The subsidiary will not hold any residual interest in the infrastructure and equipment upon termination of the operating period, at the end of the operating period, the Group has agreed to transfer its entire interest in the project to Malong Chemical. As such, the arrangement under the cooperation agreement is accounted for as a service concession arrangement and the right to operate the power station is regarded as financial asset of RMB25,006,000 (note 14) and intangible asset of RMB3,306,000 respectively. Amortisation of the financial assets and intangible asset is provided for over the operation period when the power station commences its operation.

The power station construction is completed and is going through its commissioning stages and is planned to commence its operation in late August 2011. Approximately RMB28,312,000 of construction revenue and approximately RMB5,330,000 of construction profit were recognised in the interim period ended 30 June 2011 by reference to the stage of completion of the construction work.

14. FINANCIAL ASSETS — AMOUNT DUE FROM A GRANTOR

	As at 30 June 2011 *RMB'000* **(Unaudited)**	As at 31 December 2010 *RMB'000* (Audited)
Carrying amount:	**25,006**	—
— Current portion	**4,167**	—
— Non-current portion	**20,839**	—

15. INVENTORIES

	As at 30 June 2011 *RMB'000* (Unaudited)	As at 31 December 2010 *RMB'000* (Audited)
Raw materials	**58,151**	30,244

16. CONSTRUCTION CONTRACTS

	As at 30 June 2011 *RMB'000* (Unaudited)	As at 31 December 2010 *RMB'000* (Audited)
Gross amount due from contract customers	**467,883**	267,439
Gross amount due to contract customers	**—**	(1,988)
	467,883	265,451
Contract costs incurred plus recognised profits less recognised losses to date	**522,452**	293,512
Less: Progress billings	**(54,569)**	(28,061)
	467,883	265,451

17. TRADE RECEIVABLES

	As at 30 June 2011 *RMB'000* (Unaudited)	As at 31 December 2010 *RMB'000* (Audited)
Trade receivables	**313,598**	301,631
Impairment	**(2,491)**	(2,503)
	311,107	299,128

The Group allows credit periods ranging from 30 to 90 days to its normal trade customers other than some customers with good credit history and relationships, to whom appropriately longer credit terms will be allowed. Moreover, the Group also allows its trade customers to withhold payment of about 5% to 10% of the total contract price (the retention money) until the expiration of a period from one year to three years from the date its products are installed and put into use.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, excluding retention money receivables and net of provisions, is as follows:

	As at 30 June 2011 *RMB'000* **(Unaudited)**	As at 31 December 2010 *RMB'000* (Audited)
Within 3 months	**108,136**	127,365
3 to 6 months	**30,735**	119,202
6 months to 1 year	**113,650**	12,529
1 to 2 years	**1,979**	8,662
2 to 3 years	**944**	85
Over 3 years	**—**	—
	255,444	267,843

An aged analysis of retention money receivables as at the end of the reporting period, net of provisions, is as follows:

	As at 30 June 2011 *RMB'000* **(Unaudited)**	As at 31 December 2010 *RMB'000* (Audited)
Within 3 months	**13,082**	3,869
3 to 6 months	**8,297**	6,156
6 months to 1 year	**15,338**	5,585
1 to 2 years	**12,720**	2,413
2 to 3 years	**8,717**	13,262
	58,154	31,285

The movements in the provision for impairment of trade receivables are as follows:

	As at 30 June 2011 *RMB'000* **(Unaudited)**	As at 31 December 2010 *RMB'000* (Audited)
At 1 January	**2,503**	3,528
Impairment losses recognised	**—**	1,609
Impairment losses reversed	**(12)**	(2,634)
	2,491	2,503

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB2,491,000 (2010: RMB2,503,000) with a carrying amount before provision of RMB6,238,000 (2010 RMB6,251,000).

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in both interest and principal payments and only a portion of the receivables is expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	As at 30 June 2011 *RMB'000* **(Unaudited)**	As at 31 December 2010 *RMB'000* (Audited)
Neither past due nor impaired	**311,107**	299,128

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2011 *RMB'000* **(Unaudited)**	As at 31 December 2010 *RMB'000* (Audited)
Prepayments	**51,862**	63,979
Deposits and other receivables	**39,202**	45,722
Subsidy receivables	**1,194**	—
	92,258	109,701

19. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 30 June 2011 *RMB'000* **(Unaudited)**	As at 31 December 2010 *RMB'000* (Audited)
Within 3 months	**332,319**	226,968
3 to 6 months	**35,600**	47,539
6 months to 1 year	**24,583**	9,641
1 to 2 years	**2,682**	1,606
Over 2 years	**623**	1,236
	395,807	286,990

The trade payables are non-interest-bearing and are normally settled on 180-day terms.

20. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 30 June 2011 (Unaudited)			As at 31 December 2010 (Audited)		
	Effective interest rate (%)	**Maturity**	***RMB'000***	Effective interest rate (%)	Maturity	*RMB'000*
Current						
Bank overdrafts — unsecured	**N/A**	**N/A**	**—**	N/A	On demand	39
Bank loans — unsecured	**6**	**2011 — 2012**	**230,000**	4 — 6	2011	205,000
Bank loans — secured	**6 -7**	**2011**	**19,000**	N/A	N/A	—
Current portion of long term bank loans — unsecured	**6**	**2011**	**30,000**	6	2011	30,000
			279,000			235,039
Non-current						
Bank loans — unsecured	**6**	**2012 — 2013**	**90,000**	6	2012 — 2013	90,000
			369,000			325,039

	As at 30 June 2011 ***RMB'000*** **(Unaudited)**	As at 31 December 2010 *RMB'000* (Audited)
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	**279,000**	235,039
In the second year	**30,000**	30,000
In the third to fifth years, inclusive	**60,000**	60,000
	369,000	325,039

21. DEFERRED TAX

The movements in deferred tax liabilities and assets during the interim period ended 30 June 2011 are as follows:

Deferred tax liabilities

	Income from service concession arrangement *RMB'000*	**Revaluation of intangible assets** *RMB'000*	**Recognition of profits of construction contracts** *RMB'000*	**Total** *RMB'000*
At 1 January 2011	1,580	13,423	8,735	23,738
Deferred tax charged/(credited) to the income statement during the period *(note 8)*	1,157	(469)	6,897	7,585
Gross deferred tax liabilities at 30 June 2011 (Unaudited)	2,737	12,954	15,632	31,323

Deferred tax assets

	Allowance for doubtful debts *RMB'000*	Government subsidy *RMB'000*	Total *RMB'000*
At 1 January 2011	85	1,741	1,826
Deferred tax charged to the income statement during the period *(note 8)*	—	(103)	(103)
Gross deferred tax assets at 30 June 2011 (Unaudited)	85	1,638	1,723

Deferred tax assets have not been recognised in respect of the following items:

	As at 30 June 2011 ***RMB'000*** **(Unaudited)**	As at 31 December 2010 *RMB'000* (Audited)
Tax losses	**3,081**	454

The above tax losses are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

Under the relevant tax law and implementation regulations in the PRC, withholding income tax is applicable to interest and dividends payable to investors that are "non-tax resident enterprises", which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such interest or dividends have their sources within Mainland China. At 30 June 2011, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

22. SHARE CAPITAL

Shares

	As at 30 June 2011 ***US$'000*** **(Unaudited)**	As at 31 December 2010 *US$'000* (Audited)
Authorised:		
2,400,000,000 (2010: 2,400,000,000) ordinary shares of US$ 0.01 each	**24,000**	24,000
Issued and fully paid:		
1,245,000,000 (2010: 1,245,000,000) ordinary shares of US$ 0.01 each	**12,450**	12,450
Presented in RMB	**85,004**	85,004

There were no movements in share capital during the interim periods ended 30 June 2010 and 2011.

23. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

On 6 January 2011, Greens Power Equipment (HK) Limited ("**GPE** HK") signed a technology transfer agreement to acquire certain technology assets from AE&E CZ s.r.o. ("**AE&E**"). This technology gives the Group exclusive rights to design, sell, manufacture, supply and install Heat Recovery Steam Generators in Mainland China using AE&E's designs and reference list. The acquisition consideration for the technology was settled by GPE HK's the accounts receivable of EUR2,165,806 (approximately RMB18,904,000) due from AE&E.

24. CONTINGENT LIABILITIES

At the end of the interim period ended 30 June 2011, the Group did not have any significant contingent liabilities.

25. COMMITMENTS

The Group had the following capital commitments at the end of the reporting periods:

	As at 30 June 2011	As at 31 December 2010
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Contracted, but not provided for:		
Plant and machinery	**3,288**	21,600

26. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2011	2010
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Short term employee benefits	**6,449**	6,080
Pension scheme contributions	**149**	147
Total compensation paid to key management personnel	**6,598**	6,227

27. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the current period's presentation.

28. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 23 August 2011.

OPERATIONS REVIEW

During the Period, the business development of the Group can be summarized as follows:

Overall operations

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. The enhancement in production facilities of the Group in 2010 and 2011 has released significant growth in output volume to facilitate such increases in demand.

Much of the Group's attention has been focused towards Asia markets particularly China and India where the economy has been more stable compared to other international markets and where infrastructure investment has continued to grow as further expansion of installed power bases has been necessary. The Group has continued to expand its business activities in these locations where there have been many opportunities for experienced suppliers who provide Waste to Energy equipment (including biomass power plants), higher efficiency fuel burning technologies (including plant upgrades) as well as cleaner energy solutions such as Heat Recovery Steam Generators ("**HRSGs**") for gas fired power stations. The Group continues to expand its operations in supplying wind turbine towers from its new plant in Tongliao, Inner Mongolia where investment in this alternative energy power continues to thrive is as anticipated by the Group when the investment was made.

Economisers

The market for Economisers, the historical and traditional product of the Group, has continued to expand because of increasing confidence of major equipment suppliers and utility operators. Since this is a product that enhances efficiency of coal-fired power stations and industrial power plants and reducing emissions thereof, the demand for the Group's Steel-H extended surface solution has been significant, particularly in China. Now, as a result of the Group's success in this market, it is believed that extended surface economisers now represents in excess of 85% of the total installed base of economisers in coal fired power stations. This continues to create even more opportunity in China for on-going projects and after-sales & maintenance projects.

This extensive operating reference list (of already installed economisers from the Group) is significant for the on-going promotion of the products in other countries that still rely on coal as the prime fuel for power generation and the Group is focusing on India and USA as well as those more established markets in Europe and Japan.

During the period China continued to be the major market for the Group's economisers whilst sales to India are the second largest. The Group's sales of economisers in the Period increased by 25.4% to approximately RMB142.9 million as compared with the corresponding period last year. The increase was a combination of new projects and as a the result of the continuous upgrading of coal-fired power plants in China where many plants were installed using less efficient boilers during the early stage of expansion of the power base in the country. The successful launch of the Group's low temperature heat transfer products has created further opportunities, along with a number of industrial size units with the first utility size unit supplied to India during the Period, an important developing market for the Group because of their stated objectives in their latest 12th five-year plan.

Waste heat recovery products and boiler components

HRSGs, the substantial systems applied in gas-fired and oil-fired power plants, waste heat boilers and other waste heat recovery products are primarily used in clean energy and Waste-to-Energy power projects. Other waste heat boilers are also used in industrial applications such as cement plants, coking plants and oil refineries to recover waste heat from daily operations and to reduce emissions. During the Period, these products were mainly supplied to customers in China and India with the revenue from India recording a notable growth. Turnover of waste heat recovery products recorded a significant increase in sales to RMB175.1 million for the Period (for the six months ended 2010: RMB96.8 million). This segment formed the largest revenue stream and accounted for 36.6% of the Group's total revenue in the Period in line with the Group's prevailing strategy. The 80.9% increase in the turnover of the segment is influenced by strong order levels in this year, the successful penetration of the Indian market. In addition, year on year growth on waste heat recovery products and boiler components has been exaggerated by the effect of a relatively low turnover in the six months ended June 2010 as revenue from the segment was affected by a major order executed with most of the raw materials being free-issued by the customer, reducing revenue in the period but significantly increasing gross profit margins.

Marine boilers

The Group's marine products are generally waste heat boilers, economisers, composite boilers and fired boilers and therefore split into fired boilers and other marine boilers. Many of the Group's customers in China and Singapore for marine boilers are shipyards located on the mainland. The Group's products can be applied in a wide range of marine vessels such as bulk carriers, container ships, tankers, LNG (Liquefied Natural Gas) Vessels and FPSOs (Floating Production Storage and Offloading). During the Period, the segment has benefitted from the recovery of the shipbuilding industry in Asia, particularly in China which is now the largest shipbuilding nation in the word. The Group's position of being one of only a few suppliers offering a one-stop shop concept of providing self-manufactured products together with outsourced items for customers has enhanced the Group's position in the market. During the Period, sales of marine products increased by 50.7% to approximately RMB36.4 million.

Waste heat power generation

Since its commencement of operations in June 2009, Baicheng Greens Waste Heat Power Generation Co., Ltd. ("**Baicheng Greens**"), a wholly owned subsidiary of the Company has sold electricity generated from the waste heat produced by Xinjiang International Coking Company Limited ("**Xinjiang Coke**") to the State Grid Corporation of China. The project structure is based on the build-operate-transfer, or BOT model and the contract period from May 2008 to July 2015.

During the Period, electricity sales of Baicheng Greens has continued to be affected by the domestic government's regional administrative policies with respect to the consolidation of coal resources and the operational volume of coal mines. Electricity sales revenue for the Period amounted to approximately RMB10.8 million representing 6.9% increase as compared with the corresponding period last year.

To support Baicheng Greens, XinJiang Coke has compensated Baicheng Greens with an amount of RMB4.6 million through a reduction in its waste heat charges in the Period. In addition, the transfer agreement with an independent third party in order to secure the future revenue of the segment was still in effect during the Period, thus contributed to RMB4.0 million received during in the Period.

During the Period, the Group's second waste heat power generation project in Kunming city, Yunnan province, China (the "**Yunnan Project**") has successfully completed its construction. The Yunnan Project comprises the technological upgrade of the waste heat power generation system of a chemical factory in consideration of the electricity sales revenue for six years. The waste heat power generation facilities of the Yunnan Project is currently under commissioning and has contributed approximately RMB28.3 million of construction revenue during the Period. The operation rights of the Yunnan Project has been recorded as a financial asset and an intangible asset in the consolidated financial statements of the Group for the Period. Part of the accompanying guaranteed revenue to be paid by the chemical factory to the Group has been recorded as a financial asset for the Period. The project is based on a build-operate-transfer, or BOT model with a scheduled commencement from late August 2011 running until to August 2017. Except for the guaranteed revenue mentioned above, the Yunnan Project is recorded on a similar basis to that of the Group's existing Baicheng project.

Wind turbine towers

A wholly owned subsidiary of the Group, Tongliao Greens Wind Power Equipment Co., Ltd. ("**Tongliao Greens**") is engaged in the manufacture and sales of wind turbine towers in inner Mongolia. Located inside one of China's major wind farms, the segment has contributed significant amount of revenue for the Period. Turnover of wind turbine towers products since commenced deliveries of products on the fourth quarter of 2010 recorded approximately RMB81.1 million for the Period (for the six months ended 30 June 2010: Nil).

Service and repairs

The Group provides a wide range of services, including boiler conversions, upgrades, general maintenance services on marine or land boilers, installations, testing and repairs. The Group's service and repair business has capitalised on its experience and capabilities in the heat transfer product manufacturing sector. During the Period, the segment's growth was restricted by the unfavorable conditions in the international markets where projects were delayed but some business, such as the low temperature economiser retrofitting and marine service work has been reported in the above segments. Revenue from services and repairs of approximately RMB4.2 million decreased by approximately 61.4% as compared to the corresponding period last year.

International business platform

The Group's core manufacturing facilities are located in the original factory in Shanghai city and the extensive boiler factory in Jiangsu province on the Yangtze River Delta in China providing direct access to key ports for export and major road routes. Moreover, its workshops and office in Wakefield, United Kingdom and now Chennai, India, continue to provide strong support in the form of technical expertise, manufacturing and international sales coverage. The Group's global sales network covers Europe, China, Japan, South and North America and other parts of mid and South Asia. To further strengthen its global outreach, during February 2011, the Group established a subsidiary in the USA and has also changed the sales offices in Singapore and India into trading companies as well as sales offices to focus on expansion of sales of economisers, waste heat recovery products and marine and land boilers in this significant marketplace. Singapore has been selected as the main sales office for South Asia due to its encouragement to trading companies and close links to China, UK, USA and India, all key regions of the Group.

FINANCIAL REVIEW

A. Turnover and gross margin

The Group's revenue for the Period has increased to approximately RMB478.8 million, representing an increase of approximately 87.0% (six months ended 30 June 2010: approximately RMB256.1 million). Meanwhile, the reported gross profit of the Group during the Period increased from approximately RMB86.1 million for the six months ended 30 June 2010 to approximately RMB113.3 million for the Period.

The Group's reported gross margin for the Period has decreased to 23.7% from 33.6% for the corresponding period last year. As explained above it is mainly attributable to, for the six months ended 30 June 2010, the comparatively higher gross margin contribution of the free-issue order for waste heat recovery products but also, as anticipated when the original investment was made, the lower mix of gross margin now contributed by the newly launched wind turbine tower products business. The effect of some higher value initial orders to the new market in India has also had some effect on lowering gross margins but has facilitated the Group's successful and timely entry into this new market.

A breakdown of the gross margins of the Group's operating segments (as adjusted by various forms of compensation received from the waste heat power generation segment) is as follows:

	For the six months ended 30 June,	
Gross margin by products	**2011**	**2010**
	(%)	*(Restated)* *(%)*
Economisers	**31.3%**	34.0%
Waste heat recovery products and boiler components*	**23.1%**	47.5%
Marine products	**26.9%**	11.3%
Service & repairs	**62.0%**	18.3%
Waste heat power generation#	**23.7%**	15.3%
Wind turbine tower	**13.0%**	N/A

* Restated to combine waste heat recovery products segment and boiler component segment which were shown separately in 2010 Interim Report.

\# Taking into account various forms of compensation, deducted from cost of goods sold.

The gross profit margin for the Group's economisers segment remained fairly stable at approximately 31.3%, as compared to approximately 34.0% for the same period last year. Small decreases were mainly due to the lower contributions from some international sales in this segment and despite sales growth in the Period due to competition as the market opened further in China.

Gross profit margin for waste heat recovery products and boiler component segment decreased from approximately 47.5% for the corresponding period last year to approximately 23.1% in the Period. As explained this decrease was mainly attributed to the effect of the free-issue orders in 2010 which enhanced margins in that period, competitive market conditions globally and the initial penetration strategy for winning orders in the Indian market.

For the marine products segment, gross profit margin for the Period was increased significantly to 26.9% (for the six months ended 30 June 2010: 11.3%), as the Group benefitted from the recovering shipbuilding market in the region and focused from the second half of 2010 on realigning pricing structures.

Gross profit margin for services and repairs segment for the Period was approximately 62.0%, as compared to 18.3% in the corresponding period last year. In the Period, revenue decreased, as resources have been utilized on other segments, but the margin has increased due to the labour only nature of most of the work undertaken in the Period.

Gross profit margin for the waste heat power generation segment for the Period was approximately 23.7% after taking into account various forms of compensation attained (for the six months ended 30 June 2010: 15.3%). Electricity sales from the Xinjiang Project for the Period continued to be affected by the government's regional administrative policies with respect to the consolidation of coal resources and the operational volume of coal mines. These measures have had a considerable negative effect on coking factories and restricted operating volumes and frequent breaks in production caused by an uneven supply of raw materials have distorted the volume of waste heat generated by Xinjiang Coke. This, in turn, has directly caused the segment to operate at below average capacity and expected profitability levels. In return, Xinjiang Coke has offered discounts to the charges incurred in the operations of the waste heat power generation facilities at the amount of approximately RMB4.6 million in the Period.

As disclosed previously to protect its position, the Group has entered into a transfer agreement with an independent third party where the Group will attain additional proceeds of up to RMB4 million every six months if the segment continues to operate at a lower than agreed level of RMB30 million sales revenue every six months.

The gross margin of the segment for the Period included the construction revenue generated in relation to the Yunnan Project. The waste heat power facilities were completed in principle during June 2011 and will become operational in late August 2011.

Gross profit margin for wind turbine towers for the Period was approximately 13.0% (for the six months ended 30 June 2010: Nil). Gross profit margin for this segment has been improved against the last quarter of 2010 (i.e. 11.6%) as the production efficiency and throughput at the new factory in Inner Mongolia continues to improve.

B. Other Income and Other Gains and Losses

The Group recorded other gain of approximately RMB6.5 million for the Period (for the six months ended 30 June 2010: approximately RMB21.8 million). The amount mainly represented the additional income that was accounted for from the transfer agreement in relation to Baicheng Greens as noted above.

C. Net profit attributable to owners of the Company

The Group's net profit attributable to equity holders for the Period amounted to approximately RMB35.7 million (for the six months ended 30 June 2010: approximately RMB31.1 million). Such increase was primarily attributable to the increase in turnover and gross profit for the Period which has outweighed the increase in administration expenses and taxation expenses. The increase in administration expenses resulted from the expanded operations in the Group's new subsidiaries in Inner Mongolia, India and the USA together with the one-off professional fees incurred amounting to RMB3.3 million in relation to a number of merger and acquisition opportunities which have been pursued to accelerate growth strategies in the USA and Europe but have not gone through. These opportunities were not completed based on the extended period of return of capital investment after further assessing the opportunities in detail and the impact of global market condition where the projected revenue forecasts we were presented with were deemed challenging. The increase in taxation expenses was due to an adjustment for over-provided tax expenses during the same period last year.

D. Liquidity and financial resources

To date, the Group's operations have been primarily financed by cash generated from its operating activities and bank borrowings. During the Period, the major source of financing for the capital expenditure of the Group was the unused portion of the proceeds from initial public offering in 2009. The Group's cash expenditures primarily consist of the purchase of raw materials and components from its suppliers, payments on manufacturing overheads and expenses on wages and salaries. As at 30 June 2011, the Group had approximately RMB149.3 million in cash and cash equivalents, compared to approximately RMB298.4 million as at 31 December 2010.

E. Capital expenditure

The Group's capital expenditures amounted to approximately RMB16.9 million during the Period (for the six months ended 30 June 2010: approximately RMB60.4 million). The capital expenditures in the Period were primarily attributable to acquisition of property, plant and equipment.

F. Key financial ratios

The following table sets out the key financial ratios of the Group as at the end of the Period with comparative figures as of 31 December 2010 as reference:

	As at 30 June 2011	As at 31 December 2010
Current ratio	**1.59**	1.78
Net debt to equity	**14.7%**	1.6%
Gearing ratio	**43.3%**	39.0%

Current ratio = Balance of current assets at the end of the period/balance of current liabilities at the end of the period

Net debt to equity = (balance of total bank borrowings at the end of the period — balance of bank balances, cash and pledged bank deposits at the end of the period)/ balance of equity attributable to owners of the Company at the end of the period

Gearing ratio = Total debt at the end of the period/balance of equity attributable to owners of the Company at the end of the period

G. Use Of Proceeds From The Company's Initial Public Offering

The net proceeds from the issue of new shares upon the listing of the Company on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 6 November 2009 amounted to approximately RMB437.0 million, after deducting the related expenses. By the end of September 2010, the Company has applied part of those proceeds in the ways as described in the prospectus of the Company dated 26 October 2009. In December 2010, the Company announced that it planned to reallocate the remaining balance of such proceeds as of 30 September 2010 of approximately RMB349 million to other intended applications. Later on in June 2011, the Company further announced that it planned to reallocate the remaining balance of such proceeds as of 31 May 2011 of approximately RMB194.0 million to other intended applications. As of 30 June 2011, approximately RMB42.0 million were used in accordance with proposed uses as set out in the announcement of the Company dated 30 June 2011.

The Company will continue to closely monitor the general investment environment so that if any part of the intended use of the proceeds from initial public offering becomes unavailable or less profitable, the management may take into account all current conditions and in the best interests of the Group and its shareholders, subject to relevant Listing Rules, reallocate the funding to other parts of the Group and/or new projects. In the event of such a circumstance, the Group will make all necessary disclosures in due course and comply with all relevant disclosure requirements under the applicable Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

H. Capital structure

The capital structure of the Group consists of net debt (which includes bank borrowings), cash and cash equivalents and equity attributable to owners of the Company, comprising issued and paid-up share capital, reserves and retained profits. The management of the Group reviews the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

During the Period, there has been no change in the share capital of the Company.

I. Guarantees and contingent liabilities

As at 30 June 2011, there were no guarantees or any contingent liabilities incurred by the Group. (as of 31 December 2010: Nil).

J. Pledge of assets

As at 30 June 2011, the Group had pledged cash and bank deposits of approximately RMB94.2 million (as of 31 December 2010: approximately RMB13.6 million) to secure certain bank borrowings and banking facilities of the Group.

K. Foreign exchange risk

As at 30 June 2011, the balance of the bank balances and cash maintained and recorded by the Group (including pledged bank deposits) consisted of HK dollars, Renminbi, US dollars and others in the respective proportions of approximately 17.4%, 35.5%, 40.9% and 6.2% (As at 31 December 2010, HK dollars, Renminbi, US dollars and others accounted for approximately 54.7%, 33.5%, 10.7% and 1.1% respectively of the bank balance of the Group).

As the sales, purchase and bank borrowings of the Group during the Period and the corresponding period in 2010 were made mainly in Renminbi, US dollars and Euro and it is expected that the majority of future development and transactions carried out by the Group will be made and transacted mainly in Renminbi, US dollars and Euro, the Group will actively convert bank balance currently maintained in HK dollars into Renminbi, US dollars or Euro as Renminbi strengthens, and convert all future deposits or receipts in HK dollars into either Renminbi, US dollars or Euro to minimize any foreign exchange risk. To reduce its foreign currency exchange exposure, the Group would enter into forward transactions on, among other currencies, the Renminbi, US dollars and Euro from time to time.

L. Interest rate risks

As at 30 June 2011, the majority of the bank borrowings of the Group are fixed rate borrowings and carry interest ranging from 6% to 7% per annum. The interest rate of loans which carry floating interest rates was calculated by reference to the benchmark interest rate prescribed by the People's Bank of China and are denominated in Renminbi. The Group currently does not use any derivative instruments to hedge its interest rate risks.

M. Significant investments held

During the Period, the Group did not have any significant investment.

N. Major acquisition and disposal

The Group did not make any major acquisition or disposal during the Period.

O. Human resources

As at 30 June 2011, the Group employed a total of 1173 staff (as of 31 December 2010: 1121 staff). During the Period, the staff costs of the Group were approximately RMB39.4 million (for the six months ended 30 June 2010: approximately RMB35.9 million). The staff costs include basic salary, performance salary and welfare expenses, whereby employees' welfare includes medical insurance plan, pension plan, public house reserves, unemployment insurance plan, and pregnancy insurance plan. The Group's employees are engaged according to the terms and provisions of their employment contracts and the Group normally conducts review over the remuneration packages and performance appraisal once every year for its employees, the results of which will be applied in annual salary review for considering a grant of annual bonus or not and in promotion assessment. The Group also studies and compares its remuneration packages with that of its peers and competitors and will make adjustments whenever necessary so as to maintain its competitiveness in the human resources market.

P. Order backlog

The Group generally recognises revenue on a stage of completion basis. The Group's order backlog represents that portion of the contract value as of a specified date whose associated revenue has not been recognised. Based on supply contracts entered into on or prior to 30 June 2011, the total order backlog as at 30 June 2011 was approximately RMB381.0 million. The following table sets forth, by business segment, the Group's order backlog as of 30 June 2011.

	As of 30 June 2011 To be delivered in		**As of 31 December 2010 To be delivered in**	
	2011	2012	**2011**	2012
	RMB million	*RMB million*	***RMB million***	*RMB million*
Economisers	**151**	7	**82**	—
Waste Heat Recovery Systems and boiler components	**82**	44	**124**	—
Marine Products	**65**	2	**68**	3
Wind turbine towers	**26**	—	**17**	—
Service & Repairs	**4**	—	**18**	—
Total	**328**	53	**309**	3

PROSPECT, FUTURE PLANS AND STRATEGIES

As each of the business expansion initiatives, that were started since the successful flotation of the Company's shares in 2009, have taken effect and continue, the Group's order book levels have increased, particularly during the first half of 2011, when the order book reached a record level in May. Much attention is being focused and will continue to be focused on the niche specialist markets of energy efficiency, waste heat recovery and waste to energy in developing countries. In these countries, the Group has been successful due to the continuing need for proven technology and solutions that can reduce emissions whilst increasing the installed power base. The combination of the Groups long established track record due to its heritage, its intellectual property, its lengthy list of reference (power projects), competent design capabilities and its modern and extensive production facilities in China has enabled the Group to expand quickly and successfully so that in these locations the Group is now even more widely recognized as experienced suppliers.

China, India and other South Asian countries like Thailand, Malaysia and Indonesia are all targets for its products and Japan, where the Group has many good references, is now very active again due to a backlog in demand following the recession, the effects of the earthquake disaster in March 2011, the urgent expenditure programme currently underway following this and the requirement to replace capacity lost at the nuclear power stations.

In Europe, the Group has focused attention on the domestic market in UK where a number of refuse incineration projects are in the process of being approved to deal with the problems of lack of landfill sites and a number of customers have recognised the Group's capability and experience in this segment. Other initiatives to supply the Groups well proven mid-size power boilers designed and supplied for marine and land application are also creating opportunities on process plants in Singapore and the Middle East.

Order prospects are expected to remain strong for the rest of the year and into 2012 providing further growth opportunities for the Group. During 2012, the Group will continue to focus on traditional markets for its core products throughout Europe and is already focused on the active markets in the USA for retrofit and replacement parts and to support its major customers who are resident there pursuing a number of major gas fired project opportunities. In China and Japan the Group is currently pursuing opportunities to supply large HRSGs, following from experience it has gained over the last few years where several key projects have now been completed. In China and India the Group is already working on waste heat boiler projects that are being extended in partnership and directly with customers and is also very active in the waste to energy markets that includes biomass applications.

Based on the current challenges in the economic climate there may be an effect on the traditional large utility size power projects globally and the possibility of a slowdown in the recent recovery seen in the market for very large capital infrastructure and power equipment projects among both the developing and developed countries. This is more likely to be a short term effect on order timescales for some products and also on margins where material content is a large percent of the project cost. In such conditions, competition intensifies and customers take longer to negotiate and award contracts, this increases overhead and administration expense for some projects. So the continuing impact of these conditions and the full effect of this volatility has to be absorbed by productivity gains and cost reductions which the Group is continually focusing on. Some cutbacks in operating and maintenance budgets or life extension programmes may continue to occur but largely these merely postpone expenditure and so cause some delays in project release dates.

Though the overall trend for large newly installed capital projects may continue to be un-predictable until the global economy is more stable, these may be partially offset by the need to extend the life of existing power generating stock and improve efficiency whilst conforming to tightening environmental controls. In the markets where the Group focuses its attention, there is good visibility based on major governments such as China and India being very close to finalizing their respective 12th five-year-plans which will require policies in the next five years to acquire and install a large power infrastructure that will include equipment for both thermal power and wind power.

With the worldwide obligations and commitments for emission reduction, it is likely that demand for heat transfer products (such as economisers, waste heat recovery products and wind power equipment) will keep increasing. However, the Group remains conscious that factors such as, the tightening of debt financing in a number of the developing countries might create obstacles that may interrupt some projects though it is not expected to have a substantial effect to the overall targets of the Group.

Ongoing Group expansion plans

The Group has successfully completed all the expansion plan of its core production facilities in the past two years and is benefitting from these actions. Demand for further capital expenditure is becoming more modest while the management has already adopted a more cautious approach towards the remaining expansion plan. Despite looking at a number of investment and acquisition opportunities to accelerate business growth in USA and Europe, no change in overall strategy has resulted so the Group still intends to establish new production facilities in India and later in Brazil. No firm dates have yet been fixed because the opportunities that are being developed in India have exceeded expectations so plans are being re-assessed. As the Group develops relationships and gain confidence on which key markets require priority attention, appropriate investment decisions will be taken. For that reason, the Group has recently changed the intended applications of the remaining proceeds from the Company's Initial Public Offering in 2009 towards providing more working capital in supporting the existing day-to-day operations. About RMB50 million will still be reserved for the expansion of storage and production space on a piece of land adjacent to the existing wind turbine tower plant in Inner Mongolia.

Enhancement of information systems and costing control

The Group is currently implementing a European developed enterprise resource planning (ERP) system to all its offices and worksites in China. It is expected that, as a result of this implementation, overall efficiency and effectiveness in daily operations will be improved from the second half of the year and into 2012.

Continued technology enhancements

The Group has obtained the know-how and references from a leading International engineering, procurement and construction contract providers (EPC) in power equipment construction business. It is expected that this will bring about significant support to the Group's business development and sales opportunities in China. Meanwhile, the Group will continue to explore new opportunities in attaining more advanced technology for the production of heat transfer products (including the acquisition of licences and technologies of power plant designs and 9F Class HRSGs to enhance production capability) so as to maintain its solid position and recognition in the power equipment market worldwide.

Further strengthening of Global engineering profile

Recently, the Group has crystallized its newly built working relationship with a US based global engineering company (which provide state-of-the-art waste heat boilers for cement factories in South Asia) by undertaking two recent orders to design and manufacture HRSGs for various cement plants in India and Pakistan. In addition, the Group is finalizing a number of new orders with a leading biomass power plant EPC for power boilers specifically applicable to biomass power plants, the outlook in these areas remains encouraging.

The UK office of the Group has developed relationships with two key suppliers of refuse incineration plants and identified a number of high priority projects and is currently executing the first of these projects that will be the key reference to further expand the waste heat boiler business in UK and Europe. The technology used on this project has wider application for the refuse handling market worldwide. The topic is high priority in many countries and as operational confidence increases so more projects will be created in major cities around the world, some of which already have serious problems.

The Group's strategy to enhance its engineering profile and to expand its global network of sales offices is paying dividends through steady growth of its order book and through growth in sales revenue and profits. The Group focuses on capitalizing on its track record and experience promoting products and supporting customers through its technical and sales offices in UK, India and China and through sales offices in USA, Japan and Singapore where resources are being increased. This provides access to the niche markets for the Group's products and has afforded the Group with a number of significant recent opportunities in the half year to date and will continue to develop in the remainder of 2011 through to 2013 covering the Group's short term forecast period, this period will be expanded to 5 years in the coming months.

Solid growth in wind turbine towers business

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. With its excellent skills in steel plate fabrication and welding, the Group is expected to meet the orders within this financial year.

Trend of energy efficiency enhancement and emissions reduction, together with the establishment of a vast number of wind farms throughout China as encouraged by the 11th Five-Year Plan of the central government and the increasing demand for larger wind turbines, have led to a significant boost in the demand for wind turbine towers, bringing in significant business opportunities for the Group.

Conclusion

The increase in order book levels during 2011 and the overall increase in the Group's turnover for the Period (compared to the same period in 2010) have proved that the business has been able to make further significant progress, with the expectation that despite the challenges seen in Global markets the outlook remains positive, with focus directed to the most significant value creating opportunities.

The management remains cautious and careful with corporate strategies during current turbulent market conditions, whilst keeping track of the overall investment environment and will continue to consider relevant investment opportunities as they arise. If any further part of the original CAPEX plan becomes unattainable or less profitable, management may, taking into account the then conditions and the interests of the Group and its shareholders as a whole and subject to the Listing Rules, reallocate the relevant capital to other parts of the CAPEX plan and/or new projects and/or place such capital as short-term deposits. Under such circumstances, the Group will make necessary disclosure in due course and comply with the relevant disclosure requirements under the Listing Rules.

OTHER INFORMATION

Purchase, Sale or Redemption of Listed Securities of the Company

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.

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules ("**Model Code**") as the code of conduct for the directors of the Company in their dealings in the Company's securities. The Company, having made specific enquiry on all the directors of the Company, confirmed that all its directors have complied with the Model Code throughout the six months ended 30 June 2011.

Audit Committee

The Company established the audit committee on 19 October 2009 with written terms of reference which have been adopted for the purpose of reviewing and providing supervision on the financial reporting process and internal controls of the Company as well as nominating and supervising external auditor and offering advices and recommendations to the Board. The audit committee comprises three members, namely Mr. Yim Kai Pung, Mr. Jack Michael Biddison and Mr. Ling Xiang, and all of them are independent non-executive Directors. Mr. Yim Kai Pung is the chairman of the audit committee. It has reviewed the accounting principles and practices adopted by the Company and the unaudited financial results of the Group for the Period. The Company's external auditor, Ernst & Young, has conducted a review of the condensed consolidated financial statements and accompanying notes of the Group for the Period.

Corporate Governance

The Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "**Code**") contained in Appendix 14 to the Listing Rules during the Period except for the deviation from Code provision A.2.1 which states that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.

Mr. Frank Ellis is the Chairman and Chief Executive Officer of the Company. The Board believes that vesting the roles of both chairman and chief executive officer in the same person is beneficial to the business development and management of the Group. The Board considers that the balance of power and authority under the present arrangement will not be impaired and this arrangement will enable the Company to make and implement decisions promptly and efficiently.

Publication of Interim Report

The 2011 interim report of the Company will be dispatched to the shareholders of the Company and published on the website of the Stock Exchange (www.hkexnews.hk) and the Company (www.greensholdings.com) in due course.

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

Hong Kong, 23 August 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 purpose only*