GREENS

GREENS HOLDINGS LTD

格菱控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 01318)

PRELIMINARY FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

PERFORMANCE HIGHLIGHTS

Revenue for 2014 was approximately RMB251.6 million, representing a decrease of approximately 32.8% as compared with last year due to challenging trading conditions during the year 2014.

Loss attributable to owners of the Company for 2014 was approximately RMB276.1 million, representing a significant increase of approximately 36.0% as compared with last year.

Basic loss per share for 2014 amounted to RMB0.22, representing an increase of approximately 37.5% as compared with last year.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2014.

The board of directors (the "**Board**") of GREENS HOLDINGS LTD (the "**Company**") hereby present the consolidated final results for the year ended 31 December 2014 for the Company and its subsidiaries (collectively, the "**Group**") together with comparative figures for the year ended 31 December 2013.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2014

	Note	**2014** **RMB'000**	2013 RMB'000
REVENUE	5	**251,615**	374,628
Cost of sales		**(239,794)**	(339,190)
Gross profit		**11,821**	35,438
Other income and gains	5	**13,235**	8,466
Selling and distribution expenses		**(29,213)**	(22,864)
Administrative expenses		**(119,814)**	(132,540)
Other expenses		**(121,489)**	(58,935)
Finance costs		**(36,218)**	(35,817)
LOSS BEFORE TAX		**(281,678)**	(206,252)
Income tax credit	6	**5,595**	3,164
LOSS FOR THE YEAR	7	**(276,083)**	(203,088)
Attributable to:			
Owners of the Company		**(276,081)**	(203,072)
Non-controlling interests		**(2)**	(16)
		(276,083)	(203,088)
LOSS PER SHARE			
Basic	8	**(RMB0.22)**	(RMB0.16)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014	2013
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(276,083)**	(203,088)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**1,371**	(4,010)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(274,712)**	(207,098)
Attributable to:		
Owners of the Company	**(274,710)**	(207,082)
Non-controlling interests	**(2)**	(16)
	(274,712)	(207,098)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Note	**2014** *RMB'000*	2013 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**261,474**	282,423
Prepaid land lease payments		**82,936**	84,812
Other intangible assets	*9*	**615**	46,761
Deferred tax assets		**2,310**	2,839
		347,335	416,835
CURRENT ASSETS			
Inventories		**33,508**	46,652
Construction contracts	*10*	**63,545**	59,900
Trade and bills receivables	*11*	**52,309**	167,215
Prepaid land lease payments		**1,875**	1,875
Prepayments, deposits and other receivables		**14,505**	54,518
Pledged deposits		**161,102**	159,963
Cash and cash equivalents		**14,899**	32,580
		341,743	522,703
CURRENT LIABILITIES			
Trade and bills payables	*12*	**125,777**	178,541
Other payables and accruals		**160,931**	98,283
Interest-bearing bank and other borrowings		**564,706**	538,939
Due to a director and a former director		**37,083**	36,947
Tax payable		**12,628**	12,629
		901,125	865,339
NET CURRENT LIABILITIES		**(559,382)**	(342,636)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(212,047)**	74,199

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2014

	2014 *RMB'000*	2013 *RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**(212,047)**	74,199
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**–**	6,247
Deferred income	**23,101**	28,390
	23,101	34,637
NET (LIABILITIES)/ASSETS	**(235,148)**	39,562
Share capital	**85,004**	85,004
Reserves	**(320,152)**	(45,442)
(CAPITAL DEFICIENCIES)/TOTAL EQUITY	**(235,148)**	39,562

NOTES

For the year ended 31 December 2014

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The address of its registered office is Clifton House, P.O. Box 1350, 75 Fort Street, George Town, Grand Cayman KY1-1108, 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, marine products and boiler components as well as related services and repairs and waste heat power generation.

2. BASIS OF PREPARATION

The Group incurred a loss attributable to owners of the Company of RMB276,081,000 for the year ended 31 December 2014 and as at 31 December 2014 the Group had net current liabilities and net liabilities of RMB559,382,000 and RMB235,148,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of the controlling shareholders, at a level sufficient to finance the working capital requirements of the Group. The controlling shareholders agreed to provide adequate funds for the Group to meets its liabilities as they fall due. The directors are therefore of the opinion that it is appropriate to prepare the financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND REQUIREMENTS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") that are relevant to its operations and effective for its accounting year beginning on 1 January 2014. IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations.

(a) Application of new and revised IFRSs

The following standards have been adopted by the Group for the first time for the financial year beginning 1 January 2014:

Amendment to IAS 32, Offsetting financial assets and financial liabilities

This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group financial statements.

Amendment to IAS 36, Recoverable amount disclosures for non-financial assets

The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount based on fair value less costs of disposal is determined using a present value technique. The amendments do not have an impact on these consolidated financial statements as the recoverable amounts of assets or cash-generating units have been determined on the basis of their value in use.

Amendments to IFRS 13 (Annual Improvements to IFRSs 2010-2012 Cycle)

This amendment to the standard's basis for conclusions only clarifies that the ability to measure certain short-term receivables and payables on an undiscounted basis is retained.

(b) New and revised IFRSs in issue but not yet effective

The Group has not early applied new and revised IFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2014. The directors anticipate that the new and revised IFRSs will be adopted in the Group's consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised IFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

List of New and revised IFRSs in issue but not yet effective that are relevant to the Group's operation

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[2]

[1] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

[2] Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

(c) New Hong Kong Companies Ordinance

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant.

4. SEGMENT INFORMATION

The Group has seven reportable segments as follows:

(a) Economisers – 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 structures which hold the nacelles that include the generators;

(f) Services and repairs – boiler conversions and upgrades, general maintenance services on marine or land boilers, provision of installations and testing and repairs services; and

(g) Alluvial-gold mining – alluvial-gold mining and sales of refined alluvial gold.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in Note 4 to the financial statements. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's loss before tax except that interest income, finance costs as well as head office and corporate expenses are excluded from this measurement.

Segment assets exclude 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 interest-bearing bank 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.

Year ended 31 December 2014

	Economisers RMB'000	Waste heat recovery products and boiler components RMB'000	Marine products RMB'000	Waste heat power generation RMB'000	Wind turbine towers RMB'000	Services and repairs RMB'000	Alluvial-gold mining RMB'000	Total RMB'000
Segment revenue:								
Sales to external customers	80,500	99,784	38,396	–	–	22,244	10,691	251,615
Segment results	(10,022)	(29,587)	(2,819)	(5,066)	(191)	10,363	(14,656)	(51,978)
Reconciliation:								
Elimination of intersegment results								–
Interest income								4,264
Unallocated gains								(34)
Corporate and other unallocated expenses								(197,712)
Finance costs								(36,218)
Loss before tax								(281,678)
Segment assets	30,229	73,821	9,508	389	108,341	1,919	7,145	231,352
Reconciliation:								
Elimination of intersegment receivables								–
Corporate and other unallocated assets								457,726
Total assets								689,078
Segment liabilities	36,019	718	–	20,473	28,166	1,413	62,123	148,912
Reconciliation:								
Elimination of intersegment payables								–
Corporate and other unallocated liabilities								775,314
Total liabilities								924,226
Other segment information:								
Impairment losses recognised in the consolidated statement of profit or loss	57,577	90,413	983	35	–	583	1,520	151,111
Impairment losses reversed in the consolidated statement of profit or loss	(31,518)	(3,690)	–	–	–	–	–	(35,208)
Depreciation and amortisation	8,027	13,032	1,498	21	6,598	1,781	10,237	41,194
Additions to segment non-current assets	3,855	4,389	526	–	–	23	716	9,509

Year ended 31 December 2013

	Economisers *RMB'000*	Waste heat recovery products and boiler components *RMB'000*	Marine products *RMB'000*	Waste heat power generation *RMB'000*	Wind turbine towers *RMB'000*	Services and repairs *RMB'000*	Alluvial-gold mining *RMB'000*	Total *RMB'000*
Segment revenue:								
Sales to external customers	119,899	142,009	47,262	10,968	2,054	24,789	27,647	374,628
Segment results	(29,425)	14,830	12,906	(743)	(7,102)	11,012	(38,328)	(36,850)
Reconciliation:								
Elimination of intersegment results								–
Interest income								2,358
Unallocated gains								745
Corporate and other unallocated expenses								(136,688)
Finance costs								(35,817)
Loss before tax								(206,252)
Segment assets	21,631	143,526	16,624	406	113,367	3,111	19,303	317,968
Reconciliation:								
Elimination of intersegment receivables								–
Corporate and other unallocated assets								621,570
Total assets								939,538
Segment liabilities	103,673	485	–	19,573	33,472	1,695	58,914	217,812
Reconciliation:								
Elimination of intersegment payables								–
Corporate and other unallocated liabilities								682,164
Total liabilities								899,976
Other segment information:								
Impairment losses recognised in the consolidated statement of profit or loss	49,741	2,834	198	–	3,993	–	–	56,766
Impairment losses reversed in the consolidated statement of profit or loss	(62)	(3,156)	–	–	–	(50)	–	(3,268)
Depreciation and amortisation	11,247	13,441	1,080	16	6,580	1,917	7,987	42,268
Additions to segment non-current assets	345	1,758	16	–	–	328	22,172	24,619

Geographical information

(a) Revenue from external customers

	2014	2013
	RMB'000	*RMB'000*
The People's Republic of China (the "PRC")	**161,314**	266,767
European Union	**56,043**	48,452
United States of America	**5,370**	12,781
India	**1,078**	3,284
Other countries	**27,810**	43,344
	251,615	374,628

In presenting the geographical information the revenue information above is based on the locations of the customers.

(b) Non-current assets

	2014	2013
	RMB'000	*RMB'000*
The PRC	**339,564**	383,622
The United Kingdom	**4,996**	29,612
Other countries	**465**	762
	345,025	413,996

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

Information about major customers

Revenues from major customers in the corresponding years contribute to more than 10% of the total revenue of the Group are as follows:

Revenue of approximately RMB25,173,000 (2013: RMB56,395,000) was derived from sales by the economisers, waste heat recovery products and boiler components segments to customer A, including sales to a group of entities which are known to be under common control with that customer.

Revenue of approximately RMB22,786,000 (2013: RMB3,225,000) was derived from sales by 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.

5. REVENUE, OTHER INCOME AND GAINS

The Group's revenue which represents sale of goods to customers, revenue from construction contracts; and services fee are as follows:

	2014	2013
	RMB'000	*RMB'000*
Revenue		
Construction contracts	**218,680**	311,224
Sale of goods	**10,691**	38,615
Rendering of services	**22,244**	24,789
	251,615	374,628
Other income and gains		
Bank interest income	**4,264**	2,358
Release of investment-related subsidy income *(note)*	**5,289**	5,161
Subsidy income	**3,552**	51
Others	**130**	896
	13,235	8,466

Note:

In July 2011, Greens New Energy Limited, a wholly-owned subsidiary of the Company was granted a further subsidy of approximately RMB31,136,600 as a further reward for its investment in the wind turbine tower business in Tongliao of Inner Mongolia through its subsidiary, Tongliao Greens Wind Power Equipment Company Limited ("Tongliao Greens"). The directors consider the subsidy to be related to the investment in Tongliao Greens and therefore deferred and recognised it in the statement of profit or loss on the straight-line basis over the approved tenure of Tongliao Greens.

6 INCOME TAX

	Group 2014 *RMB'000*	2013 *RMB'000*
Current tax – the PRC		
Under-provision in prior years	**123**	1,603
Deferred tax *(note 30)*	**(5,718)**	(4,767)
	(5,595)	(3,164)

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the year (2013: Nil).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

Greens Power Limited ("GPL"), Greens Power Equipment (UK) Limited ("GPE UK") and Greens Combustion Limited ("GCL") are incorporated in the United Kingdom (the "UK") and are subject to UK corporation tax at a statutory tax rate of 28% for the year ended 31 December 2014 (2013: 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's entities registered in the PRC is 25% from 1 January 2008 onwards.

On 6 August 2012, 格菱動力設備(中國)有限公司 (Greens Power Equipment (China) Co., Ltd.) ("**GPEC**") received approval as a high and new-tech enterprise effective for three years by the relevant authorities. Therefore, the applicable income tax rate of GPEC for the years ended 31 December 2014 was 15% (2013: 15%).

拜城格林餘熱發電有限公司 (Baicheng Greens Waste-heat Power Generation Co., Ltd.) ("Baicheng Greens"), being a foreign investment enterprise registered in Xinjiang Uygur Autonomous Region, the PRC, was certified as the corporation of comprehensive utilisation of resources from July 2010 to July 2014. Thus, Baicheng Greens can be entitled to a preferential tax rate of 15% in 2013 and 2012, which is subject to annual approval by the relevant authorities.

A reconciliation of the tax expense applicable to loss before tax at the statutory rates for the countries/ jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

Group – 2014

	The PRC		The UK		Hong Kong		Other countries		Total	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Loss before tax	**(254,875)**		**(2,147)**		**(15,492)**		**(9,164)**		**(281,678)**	
Tax at the statutory tax rate	**(63,719)**	**25.0**	**(601)**	**28.0**	**(2,556)**	**16.5**	**171**	**(1.9)**	**(66,705)**	**23.7**
Lower tax rate enacted by local authority	**20,668**	**(8.1)**	**–**	**–**	**–**	**–**	**–**	**–**	**20,668**	**(7.4)**
Adjustments in respect of current tax of previous periods	**117**	**(0.04)**	**–**	**–**	**–**	**–**	**–**	**–**	**117**	**(0.04)**
Expenses not deductible for tax	**9,625**	**(3.7)**	**–**	**–**	**1,730**	**11.2**	**–**	**–**	**11,355**	**(4.1)**
Tax losses not recognised	**27,714**	**(10.9)**	**601**	**(28.0)**	**826**	**(5.3)**	**(171)**	**1.9**	**28,970**	**(10.2)**
Tax credit at the Group's effective rate	**(5,595)**		**–**		**–**		**–**		**(5,595)**	**2.0**

Group – 2013

	The PRC		The UK		Hong Kong		Other countries		Total	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Loss before tax	(171,859)		(25,391)		(18)		(8,984)		(206,252)	
Tax at the statutory tax rate	(42,965)	25.0	(7,109)	28.0	(3)	16.5	(96)	1.1	(50,173)	24.3
Lower tax rate enacted by local authority	8,424	(4.9)	–	–	–	–	–	–	8,424	(4.1)
Adjustments in respect of current tax of previous periods	1,453	(0.8)	–	–	–	–	–	–	1,453	(0.7)
Income not subject to tax	(165)	0.1	–	–	–	–	–	–	(165)	0.1
Expenses not deductible for tax	3,747	(2.2)	–	–	–	–	–	–	3,747	(1.8)
Tax losses not recognised	26,342	(15.3)	7,109	(28.0)	3	(16.5)	96	(1.1)	33,550	(16.3)
Tax credit at the Group's effective rate	(3,164)	1.8	–	–	–	–	–	–	(3,164)	1.5

7. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2014	2013
	RMB'000	*RMB'000*
Amortisation of prepaid land lease payments	**1,876**	1,876
Amortisation of other intangible assets	**12,577**	11,076
Cost of inventories sold	**228,907**	326,074
Cost of services provided	**10,887**	13,116
Depreciation	**26,743**	29,316
Directors' emoluments		
– As directors – Fee	**323**	339
– For management		
Salaries, allowances and benefits in kind	**3,637**	3,573
Pension scheme contributions	**115**	128
	4,075	4,040
Operating leases charges:		
Land and buildings	**8,457**	8,963
Auditors' remuneration	**1,450**	1,550
Staff costs (excluding directors' and chief executive's remuneration):		
Salaries allowances and benefits in kind	**69,301**	77,390
Pension scheme contributions	**5,132**	4,974
	74,433	82,364
Foreign exchange differences, net	**498**	720
Impairment of trade receivables	**58,319**	38,682
Impairment of construction contracts	**11,559**	14,091
Impairment of inventories	**35**	303
Impairment of prepayments, deposits and other receivables	**2,318**	–
Impairment of property, plant and equipment	**–**	3,690
Impairment of other intangible assets	**33,612**	–
Accounts receivable written off as uncollectible	**40,580**	–
Impairment loss on construction contract written back	**(13,729)**	–
Bad debts written back	**(17,977)**	(11,199)
Inventories written off	**4,688**	–
Reversal of impairment of		
– trade receivables	**(3,502)**	(2,306)
– other receivables	**–**	(962)

8. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately RMB276,081,000 (2013: RMB203,072,000) and the weighted average number of ordinary shares of 1,245,000,000 (2013: 1,245,000,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue for the years ended 31 December 2014 and 2013.

9. OTHER INTANGIBLE ASSETS

Group	Software	Trade name (note (i))	Customer relationships (note (ii))	Technology (note (iii))	Service concession arrangement (note (iv) and (v))	Alluvial-gold mining rights (note (vi))	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost							
At 1 January 2013	1,024	18,124	28,903	32,315	131,306	–	211,672
Additions	–	–	–	–	–	18,240	18,240
Exchange differences	–	–	–	(545)	–	–	(545)
At 31 December 2013 and 1 January 2014	1,024	18,124	28,903	31,770	131,306	18,240	229,367
Exchange differences	–	–	–	60	–	–	60
At 31 December 2014	1,024	18,124	28,903	31,830	131,306	18,240	229,427
Accumulated amortisation and impairment							
At 1 January 2013	202	4,041	28,903	7,214	131,306	–	171,666
Amortisation for the year	102	916	–	2,458	–	7,600	11,076
Exchange differences	–	–	–	(136)	–	–	(136)
At 31 December 2013 and 1 January 2014	304	4,957	28,903	9,536	131,306	7,600	182,606
Amortisation for the year	105	916	–	2,436	–	9,120	12,577
Impairment loss	–	12,251	–	19,841	–	1,520	33,612
Exchange differences	–	–	–	17	–	–	17
At 31 December 2014	409	18,124	28,903	31,830	131,306	18,240	228,812
Carry amount							
At 31 December 2014	615	–	–	–	–	–	615
At 31 December 2013	720	13,167	–	22,234	–	10,640	46,761

Notes:

(i) Trade name was recognised in the consolidated financial statements of the Group after its reorganisation in 2008.

As of 31 December 2014, the net book value of trade name amounted to RMB12,251,000. Given the keen competition in the market and other producers was build up their own trade name, Management believes the possible impairment loss, related to trade name has been indicated and decided to fully write off the carrying amount during the year ended 31 December 2014.

(ii) An intangible asset of customer relationships was recognised in the consolidated financial statements of the Group after its reorganisation in 2008. The historical cost of RMB28,903,000 was the fair value of customer relationships of three wholly-owned subsidiaries of the Group, namely Greens Power Limited, Greens Power Equipment (China) Co., Ltd and Shanghai Greens Marine Engineering Co., Ltd. The initial amount was based on a valuation report issued by an independent valuer representing the present value of the future residue cash flow attributable to the intangible asset.

As of 31 December 2012, the net book value of the customer relationships amounted to RMB18,929,000. Given the substantial change in customer base of the Group and the persistent unfavourable results of the Group for the two years ended 31 December 2013 and 2012, Management believes the possible impairment losses related to these customer relationships has been indicated and decided to fully write off the net book value during the year ended 31 December 2012.

(iii) Technology primarily consists of know-how, manufacturing techniques and other proprietary technologies that are not patented. As of 31 December 2014, the net book value of the technology amounted to RMB19,841,000. Given the substantial change of the economic environment, and products' specification design, Management believes the possible impairment loss related to this technology has been indicated and decided to fully write off the carrying amount of during the year ended 31 December 2014.

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

Pursuant to the cooperation agreement, Baicheng Greens was responsible for the construction of infrastructure and supply of equipment of the power station for the project. Baicheng Greens would operate the power station and sell electricity generated from the waste heat to the 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 would not hold any residual interest in the infrastructure and equipment upon termination of the operating period. As such, the arrangement under the cooperation agreement was accounted for as a service concession arrangement and the right to operate the power station was regarded as an intangible asset. Amortisation of the intangible asset was provided for over the operating period on the straight-line basis when the power station commences its operation.

Given the persistent drop in the electricity generation volume during the year of 2012 together with the possible suspension of operations of the related coking production facilities at the discretion of Xinjiang Coke, the net book value (approximately RMB52,603,000) of the Group's service concession arrangement in respect to the Waste Heat Power Generation Project to Baicheng Greens had indicated a permanent impairment as at 31 December 2012 and was fully provided for accordingly.

(v) In March 2010, GPEC 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 GPEC.

Pursuant to the cooperation agreement, GPEC set up a new subsidiary, Kunming Greens Energy Saving Co., Ltd. ("Greens Kunming") which was responsible for the construction of infrastructure and supply of 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 commenced its operation. The subsidiary will not hold any residual interest in the infrastructure and equipment upon termination of the operating period, the Group had agreed to transfer its entire interest in the project to Malong Chemical at the end of the operating period. As such, the arrangement under the cooperation agreement was accounted for as a service concession arrangement and the right to operate the power station was regarded as a financial asset of RMB25,006,000 and an intangible asset of RMB3,306,000, respectively. Amortisation of the intangible asset was provided for over the operating period on the straight-line basis when the power station commenced its operation.

The power station construction was completed and commenced its operation since 14 November 2011. Approximately RMB28,312,000 of construction revenue and approximately RMB5,312,000 of construction profit were recognised in 2011.

Since the acceptance of the power station by Malong Chemical, Malong Chemical has not provided any waste heat to the power station and also refused to effect payment to the Group for the minimum monthly guaranteed amount for the period from the acceptance date to the end of year 2012. The Group has been actively negotiating with Malong Chemical, asking for their fulfilment of the obligation under the cooperation agreement. The Group already sent the legal advice to Malong Chemical and has taken necessary arbitration with Malong Chemical. Given that there existed significant uncertainties about whether Malong Chemical will fulfil the agreement in the near future, the Group made a full impairment provision on the net book value (approximately RMB2,709,000) of the service concession arrangement in respect of the Waste Heat Power Generation Project to GPEC, and the above financial asset of RMB25,006,000 recognised in association with the intangible asset as at 31 December 2012, for the sake of prudence.

(vi) In 2013, the Group has acquired five mining rights on several plots of land in Aketao country, Kirzlesu Kerkirz city, Xinjiang Uygur Autonomous Region with possible alluvial gold deposit. All five mining rights have an operating term of two years after attaining all the necessary environmental approval from local government. After spending prolonged period in constructing the mining facilities on site, operations have been started during year 2013. However, the Group recorded unsatisfactory results during its first year of operations and was suffered from losses during the year owing to a combination of unfavourable reasons including the drop in market price of gold in China, inefficiency in operations and unstable level of water supply.

Management believes the possible impairment loss, related to alluvial-gold mining rights has been indicated and decided to fully write off the carrying amount during the year ended 31 December 2014.

10. CONSTRUCTION CONTRACTS

	Group	
	2014	2013
	RMB'000	*RMB'000*
Gross amount due from contract customers	**134,511**	156,446
Impairment	**(70,966)**	(96,546)
	63,545	59,900
Contract costs incurred plus recognised profits less recognised losses to date	**170,275**	210,100
Less: Progress billings	**(106,730)**	(150,200)
	63,545	59,900

The movements in the provision for impairment of construction contracts are as follows:

	Group	
	2014	2013
	RMB'000	*RMB'000*
At 1 January	**96,546**	85,471
Impairment losses recognised	**11,559**	14,091
Impairment losses written off	**(37,139)**	(3,016)
	70,966	96,546

11. TRADE AND BILLS RECEIVABLES

	Group	
	2014	2013
	RMB'000	*RMB'000*
Bills receivable	**190**	11,297
Trade receivables	**152,387**	219,492
Impairment	**(100,268)**	(63,574)
	52,309	167,215

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. The group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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:

	Group	
	2014	2013
	RMB'000	*RMB'000*
Within 3 months	**22,483**	35,460
3 to 6 months	**753**	6,667
6 months to 1 year	**5,848**	13,341
1 to 2 years	**1,256**	30,656
2 to 3 years	**1,222**	1,033
	31,562	87,157

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

	Group	
	2014	2013
	RMB'000	*RMB'000*
Within 3 months	**10,128**	3,631
3 to 6 months	**3,864**	11,015
6 months to 1 year	**6,553**	6,045
1 to 2 years	**12**	21,158
2 to 3 years	**–**	20,527
Over 3 years	**–**	6,385
	20,557	68,761

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

	Group	
	2014	2013
	RMB'000	*RMB'000*
At 1 January	**63,574**	38,397
Impairment losses recognised	**58,319**	38,682
Amount written off as uncollectible	**(17,977)**	(11,199)
Impairment losses reversed	**(3,502)**	(2,306)
Exchange difference	**(146)**	–
	100,268	63,574

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

	Group	
	2014	2013
	RMB'000	*RMB'000*
Neither past due nor impaired	**52,119**	149,583

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.

12. 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:

	Group	
	2014	2013
	RMB'000	*RMB'000*
Within 3 months	**34,385**	56,235
3 to 6 months	**21,226**	48,765
6 months to 1 year	**6,370**	32,006
1 to 2 years	**41,723**	30,057
Over 2 years	**22,073**	11,478
	125,777	178,541

EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT TO BE INCLUDED IN THE FORTHCOMING ANNUAL REPORT OF THE COMPANY

Basis for disclaimer of opinion

a. Included in the accruals and other payables were amounts of approximately RMB33,000,000 in the consolidated statement of financial position as at 31 December 2014. The Group has not entered any contract regarding to this advance payment from a third party. We were unable to obtain sufficient appropriate audit evidence relating to this payable and there were no other satisfactory audit procedures that we could adopt to satisfy ourselves whether the payable included in consolidated statement of financial position as at 31 December 2014 were fairly stated. Any adjustments to the above figures might have a significant consequential effect on the results for the year ended 31 December 2014 and net assets at 31 December 2014.

b. The financial statements shows that the Group incurred a loss of RMB276,083,000 for the year ended 31 December 2014 and as at 31 December 2014 the Group had net current liabilities and net liabilities of RMB559,382,000 and RMB235,148,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. As set out in Note 2 to the financial statements, the financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of the controlling shareholders at a level sufficient to finance the working capital requirements of the Group. We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the validity and adequacy of the financial support from the controlling shareholders as described above. There were no satisfactory audit procedures that we could adopt to determine whether the controlling shareholders have the financial ability to honour their financial support to the Group. The financial statements do not include any adjustments that would result from the failure to obtain the financial support.

Disclaimer of opinion

Because of the significance of the matters as described in the basis for disclaimer of opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BUSINESS REVIEW AND ANALYSIS

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

Overall operations

2014 has continued to be a year of significant challenge for the Group. Demand from traditional markets remains to be weak and quite a number of major projects are either on hold or being suspended. Participants in the industry are eager to win tenders even it is not in their familiar business area. Keen competition has imposed significant pressure to gross margin and also causing more demand for operating cash flow to facilitate shorter production and delivery time for those rush orders. Consequently, it causes the Group's production facilities to operate at a level below its breakeven operation volume throughout the year.

Markets activity in Europe and the Middle East has started to improve and following challenging years in 2012 and 2013 has seen increased in product demand in 2015. Strong reputation, aggressive marketing and sales effort has delivered some notable contract wins in early 2014 which have fed into a strong overall performance in 2014. Work has been completed on the UK's largest power station in 2014 (a significant contract for a biomass economizer retrofit product-replacing its prior coal based design), as well as a number of industrial applications across Western Europe and Scandinavia. The UK businesses (Greens Power Limited and Greens Combustion Limited) have also reached out to the wider market with success in projects spanning the Middle East and the USA. The UK businesses now have a combination of newly energized management and new management with the skillset to significantly increase both new build and aftermarket penetration.

The team in Singapore has successfully completed their first contract for equipment supply and engineering service markets for Floating Production Storage and Offloading ("**FPSO**") of the offshore oil industry. Business has remained brisk in 2014 and enquiry levels have increased throughout the year.

The Group's subsidiary in USA located in Minnesota has now become a fully qualified supplier of heat transfer solutions to customers in the country including Heat Recovery Steam Generators (HRSGs), economisers and Waste heat boilers. The international sales team of the Group has successfully opened up a market in Bangladesh for retrofit of waste heat systems for power generation on existing small scale power generation plants. This we will drive forward as a proven solution in other areas of South East Asia, who have a growing demand for power generation. From completion of a number of HRSG contracts in the USA the Group has established a foothold in this important and increasing market, which we are targeting to leverage during 2015 to generate significant order volume, the market driver for this being the decommissioning of a significant number of USA coal fired power generation plants due to emission legislation, and the availability of very cheap "shale gas", moving the USA Power Generation market more to Gas Turbines, where the HRSG is an integral part.

Our business in India has continued to develop both in terms of its own project enquires and being a strong support to the Group overall. The change of government in India provides further optimism on upcoming projects.

The RMB300 million contract for the Engineering Procurement and Construction (EPC) of a series of equipment for a Middle East oil refinery, has continued to be progressed in execution, through a collaboration of Greens engineering resources in China, UK and India, some project delays have been experienced through recent security issues in the area, but Greens remain on target to deliver this milestone contract.

International business platform

The Group's fully integrated international business platform continues to widen the customer base of the Group, and as a Grouping, separate from the China business achieved a break even performance for 2014. This has been achieved through a three pronged approach to the market. Firstly, a focus on after sales re-engineering of the extensive installed base of the Greens Group, established from over 100-years of product supply. This offering has been driven firstly by service and spare part support, coupled with design expertise to enhance product performance, matching this to changing fuel mixes (gas, oil, coal, biomass), secondly by targeting a turnkey approach to Greens traditional supply, encompassing the peripheral equipment, to offer more of a package solution to customers – as a "one stop shop", which generates a larger scope and value per contract, and thirdly, by higher visibility of Green's existing product portfolio to a wider customer base.

Success in our overseas operations is demonstrable proof that the strategy is gaining momentum; a firm platform for future market penetration achieved.

The major theme in all these achievements are environmentally friendly solutions for increasing efficiency and production – using Greens established reputation as a provider of engineered products, where we have now established delivery of contracts proving Greens capability to deliver these solutions into overseas markets.

Economisers

Since economiser, the historical and traditional product of the Group, is a product that enhances efficiency of coal-fired power stations and industrial power plants and reducing emissions thereof, the Group's Steel-H extended surface solution has been well known for its durability and effectiveness. The market for economisers has become very competitive during the year. Especially in China, where customers for economizers are mainly main contractors of coal-fired power plants construction projects, the number and scale of project bidding in the market has substantially decreased. Price competition, on the other hand, has almost become the dominant factor in the market at the expense of quality products and services. Small scale producers of economisers have become more aggressive and distorted the healthy order in the China market.

The Group's sales of economisers in the year decreased by 32.8% to approximately RMB80.5 million (2013: approximately RMB119.9 million) as compared with last year. Upgrading of coal-fired power plants in China has brought about strong rebound in market demand of economisers, however, part of GREENS's market share with major customers has gone to low cost supply that may not be as technically advanced as the Group's European design products. During the year, as emission reduction government legislation has been advanced to lower temperature facilities, GREENS's new series of economizers with the capability to work under lower temperature environment have established a firm market foundation.

Waste heat recovery products and boiler components

Waste heat recovery products cover a number of applications such as HRSGs, systems applied in gas-fired and oil-fired power plants, waste heat boilers and other waste heat recovery products which are primarily used in clean fuel and Waste-to-Energy power industry projects. 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 year, a majority of these products were supplied to customers in China, Europe and USA. Turnover of waste heat recovery products recorded a decrease by 29.7% as compared with 2013 to approximately RMB99.7million for the year (2013: approximately RMB142.0 million). In order to extend the markets of the Group's waste heat boilers and boilers related products under the prevailing sluggish market environment worldwide, the Group has managed to attain new orders from new markets such as USA, Middle East and other southern Asian countries and for new applications of the Group's products.

Marine products

Marine products are generally waste heat boilers, economisers, composite boilers, and fired boilers for shipping applications. Many of the Group's customers in China and Singapore for marine products are shipyards located in mainland China. During the year, sales of Marine products decreased by 18.8% to approximately RMB38.4 million (2013: approximately RMB47.3 million).

Waste heat power generation

Baicheng Greens, a wholly owned subsidiary of the Company was being forced to discontinue its electricity generation. Waste heat supplied and produced by Xinjiang Coke from their coking plant had been stopped as the coking plant ceased operations in November 2013. The original project structure was based on the build-operate-transfer ("**BOT**") model and the contract period was from May 2008 to July 2015 whereas Baicheng Greens is entitled to the revenue from selling the electricity so generated to the power grid in China.

Owing to the unfavourable factors disclosed in the annual reports of the past few years, the electricity sales of Baicheng Greens has been affected by the domestic government's regional administrative policies with respect to the consolidation of coal resources and the operational volume of coal mines. Full impairment provision was provided for the project as at 31 December 2012.

The Group's second waste heat power generation project in Kunming city, Yunnan province, China (the "**Yunnan Project**") was related to a cooperative agreement between Greens Kunming and Malong Chemical. The Yunnan Project comprises the technological upgrade of the waste heat power generation system of a chemical factory in consideration of the electricity and steam sales revenue for six years. The waste heat power generation facilities of the Yunnan Project were operational during late 2011. The operation rights of the Yunnan Project have been recorded as a financial asset and an intangible asset in the consolidated financial statements of the Group for the year. 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 year. 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. No revenue has been generated from the Yunnan Project during the year (2013: Nil). The chemical factory failed to provide any waste heat to the Group's power generation facilities installed into the chemical factory's premises and at the same time refused to pay to the Group the related monthly minimum payment specified by the contract. The Group has managed to take appropriate actions to safeguard its rights under such disputes. Full impairment provision was provided for the project in 2012.

Wind turbine towers

Subject to the contractionary policy towards wind power of the central government in China, the Group had suffered from significant reduction in demand for its products. Wind farms and developers for wind power and related investments are being more difficult in raising capital for new wind power projects. As a result, the overall market and demand for wind turbine towers produced by Tongliao Greens had dropped significantly. Given such unfavourable change in the wind turbine tower market, the Group had adopted a more conservative approach in accepting new orders after completing more than 150 sets of wind turbine towers from 2010 to 2011. No revenue was recorded in 2014 for additional billing on projects completed in previous years (2013: RMB2.1 million).

Service and repairs

These include 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 significant experience and expertise in heat transfer engineering. Revenue from services and repairs shows a decrease of approximately 10.5% as compared to last year, reaching to RMB22.2 million (2013: approximately RMB24.8 million).

Alluvial-gold mining

Following two successful biddings during mid 2012, Kezhou Greens Mining Co. Ltd. ("**Kezhou Greens**") a subsidiary of the Group with 51% equity interest in XinJiang had acquired five mining rights on several plots of land in Aketao county, Kirzlesu Kerkirz city, Xinjiang Uygur Autonomous Region with possible alluvial gold deposit. All five mining rights had an operating term of two years after attaining all the necessary environmental approval from local government. Kezhou Greens has then invested in the basic infrastructure of the mine sites and has recruited a team of mining staff in the local area. After spending prolonged period in constructing the mining facilities on site, operations started in year 2013. However, Kezhou Greens recorded unsatisfactory results and was suffering from losses in 2013 and 2014 owing to unfavourable reasons including the drop in market price of gold in China, inefficiency in operations and unstable level of water supply.

FINANCIAL REVIEW

A. Turnover and gross margin

As discussed above the Group's revenue for the year has decreased to approximately RMB251.6 million, representing a decrease of approximately 32.8% (2013: approximately RMB374.6 million).

Meanwhile, the Group recorded a gross profit of approximately RMB11.8 million during the year (2013: gross profit of approximately RMB35.4 million). This is mainly attributable to the significant drop in business volume whereas indirect costs such as factory overheads and engineering costs has increased the overall cost absorption of each project, the added costs on a number of delayed unfinished projects brought forward from previous year (increased design costs, materials costs and labour costs), the Group's entrance strategies into new markets and relationship building with new customers by undertaking lower margin projects, significantly increased competitive pricing pressures and a number of projects that needs to be reworked and leads to negative margins. In addition, the unsatisfactory performance of the alluvial gold mining project in XinJiang has brought negative impact on overall margins.

A breakdown of sales and the gross margins of the Group's operating segments is as follows:

Revenue by operating segment

	2014		2013	
	RMB'000	***As a % of total revenue***	*RMB'000*	*As a % of total revenue*
Economisers	**80,500**	**32.0**	119,899	32.0
Waste heat recovery products and boiler components	**99,784**	**39.7**	142,009	37.9
Wind turbine towers	**–**	**–**	2,054	0.6
Marine products	**38,396**	**15.3**	47,262	12.6
Services and repairs	**22,244**	**8.8**	24,789	6.6
Waste heat power generation	**–**	**–**	10,968	2.9
Alluvial gold-mining	**10,691**	**4.2**	27,647	7.4
Total revenue	**251,615**	**100**	374,628	100

Gross margin by operating segment

	2014	2013
Economisers	**14.1%**	11.6%
Waste heat recovery products and boiler components	**(5.8%)**	13.0%
Wind turbine towers	**–**	100.0%
Marine products	**25.6%**	26.0%
Services and repairs	**51.1%**	47.1%
Waste heat power generation	**–**	28.7%
Alluvial gold-mining	**(117.3%)**	(94.2%)
Total gross margin	**4.7%**	9.5%

A table showing revenue breakdown by geographical location of the Group's customers for the years is set out on Note 4 of the notes to financial statements.

B. Overheads

Overhead levels (including sales and distribution expenses together with administrative expenses) dropped during the year as compared with the previous year. These costs are primarily to support daily operations in the China business (mainly staff costs, transportation and travelling expenses), group costs (staff costs and bidding costs for new projects for each product segments) and new business initiatives. As a result of the effective costs control measures in 2014, overheads of the Group is now kept under control while various business units of the Group has adopted stringent control measures including reducing new recruitments, cutting benefits, changing the organizational structure to reduce executive positions, and implementing lay off plan in some subsidiaries of the Group in order to streamline workforce.

C. Other income and other gains and losses

The Group recorded other gains of approximately RMB13.2 million for the year (2013: approximately RMB8.5 million). The amount mainly represented the subsidy income of RMB5.3 million in Tongliao Greens in respect of amounts received from the local government previously and to be amortised over the licence, the government grants of RMB3.5 million in Tongliao Greens received in 2014 and the bank interest income of RMB4.3 million.

D. Other expenses

During the year, the Group has reported significant increase in other expenses totaled to approximately RMB121.5 million (2013: approximately RMB58.9 million). It mainly comprises of the following non-recurring items:

i) Net impairment of trade receivable amounted to approximately RMB36.8 million (2013: approximately RMB36.4 million). Details of the impairment have been set out on Note 10 of the notes to financial statements.

ii) Trade receivable of RMB40.6 million (2013: Nil) was written off as uncollectible.

iii) Impairment of intangible assets amounted to approximately RMB33.6 million (2013: Nil) in relation to trade names, technology, and alluvial-gold mining rights.

E. Net loss attributable to owners of the Company

The Group's net loss attributable to equity holders for the year amounted to approximately RMB276.1 million (2013: approximately RMB203.1 million). The increase of loss was primarily attributable to poor operation performance and impairment losses recorded in 2014.

F. Liquidity, financial resources and capital structure

To date, the Group's operations have been primarily financed by cash generated from its operating activities and bank borrowings. During the year, the Group has put extensive control on its capital expenditure (CAPEX) in order to preserve cash resources for its daily operations. 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 31 December 2014, the Group had approximately RMB14.9 million in cash and cash equivalents (excluding pledged balances), compared to approximately RMB32.6 million as at 31 December 2013 (excluding pledged balances). The decrease in cash and cash equivalents in the year was a result of cash losses in operating activities.

G. Capital expenditure

The Group's capital expenditures amounted to approximately RMB9.5 million during the year (2013: approximately RMB24.6 million). The capital expenditure in the year was primarily attributable to the additions of equipment to the core production base in JingJiang city.

H. Key financial ratios

The following table sets out the key financial ratios of the Group as at the end of the year with comparative figures as of 31 December 2013 as reference:

	2014	2013
Current ratio	**0.38**	0.60
Net debt to equity	**–165.3%**	875.6%
Gearing ratio	**–240.2%**	1,362.3%

Current ratio	=	Balance of current assets at the end of the year/balance of current liabilities at the end of the year
Net debt to equity	=	(balance of total bank borrowings at the end of the year – balance of bank balances, cash and pledged bank deposits at the end of the year)/balance of equity attributable to owners of the Company at the end of the year
Gearing ratio	=	Total debt at the end of the year/balance of equity attributable to owners of the Company at the end of the year

I. 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 year, there has been no change in the share capital of the Company.

J. Contingent liabilities

As at 31 December 2014, the Group had contingent liabilities in terms of potential litigations in China and USA of total amount of approximately RMB10.8 million and USD1 million respectively (2013: nil).

Further details please refer to the section "Material Litigation and Arbitrations".

K. Pledge of assets

As at 31 December 2014, the Group had pledged cash and bank deposits of approximately RMB161.1 million (2013: approximately RMB160.0 million) to secure certain bank borrowings, bank drafts and letters of credit of the Group.

L. Foreign exchange risk

As at 31 December 2014, 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 0.1%, 66.0%, 28.9% and 5% (as at 31 December 2013, HK dollars, Renminbi, US dollars and others accounted for approximately 0.1%, 49.2%, 35.6% and 15.1% respectively of the bank balance of the Group).

The sales, purchases and bank borrowings of the Group during the year and in 2014 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 mainly in Renminbi, US dollars and Euro. To reduce its foreign currency exchange exposure, the Group enters into forward transactions on, among other currencies, the Renminbi, US dollars and Euro from time to time.

M. Interest rate risks

As at 31 December 2014, the majority of the bank borrowings of the Group are fixed rate borrowings with interest ranging from 3% to 9% per annum. The interest rate of loans which carries floating interest rates is 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.

N. Significant investments held

During the year, the Group did not make any significant investment.

O. Major acquisition and disposal

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

P. Human resources

As at 31 December 2014, the Group employed a total of 719 staff (2013: 816 staff). During the year, the staff costs (excluding the directors) of the Group were approximately RMB74.4 million (2013: approximately RMB82.4 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 reviews over the remuneration packages and performance appraisal once every year for its employees, the results of which will be applied in the annual salary review for considering a grant of an 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.

Q. Pension scheme

The Group maintains different pension schemes and retirement schemes for its employees in different locations in accordance with the applicable laws and regulations of different jurisdictions.

In relation to its employees in the PRC, the PRC government also imposes compulsory requirements for all PRC business enterprises to participate in the state-managed retirement benefit scheme. The employees of the PRC subsidiaries of the Group are members of the state-managed retirement benefit scheme, and these PRC subsidiaries are obligated to contribute a certain percentage of payroll costs to the state-managed retirement benefit scheme. There was no forfeited contribution under the scheme available for deduction of future contribution to be made by the Group.

The Group's employees in UK are covered by a defined contribution pension scheme whereas its staff in Hong Kong and Singapore have joined the respective local provident fund schemes.

During the year, the contribution to the above retirement benefit scheme made by the Group providing to the employees (excluding the directors) amounted to approximately RMB5.1 million (2013: approximately RMB5.0 million).

R. Order backlog

The Group generally recognize revenue on a stage of completion basis. The Group's order backlog represents that portion of the contract value as of a specified date which has not been recognized as revenue. Based on supply contracts entered into on or prior to 31 December 2014, the total order backlog as at 31 December 2014 was approximately RMB535 million (2013: RMB505 million). The following table sets forth, by business segment, the Group's order backlog as of 31 December 2014 and 2013.

	2014		2013	
	To be delivered in		To be delivered in	
	2015	**2016**	2014	2015
	RMB million	***RMB million***	*RMB million*	*RMB million*
Economisers	**65**	**–**	55	–
Waste heat recovery systems and boiler components	**189**	**207**	189	201
Marine products	**52**	**13**	36	3
Wind turbine towers	**–**	**–**	–	–
Service and repairs	**19**	**–**	21	–
Total	**325**	**220**	301	204

During late 2012, the Group had entered into a new three years Engineering Procurement and Construction (EPC) contract with a state-owned enterprises in the Middle East amounted to approximately RMB300 million for the design, production, procurement and erection of a series of equipment in an oil refinery. The project is expected to be completed by 2016.

S. Events after the reporting period

On 2 January 2015, the Group has entered into a Placing Agreement with Partners Capital Securities Limited ("**Partners**") to appoint Partners as the placing agent for the purposes of arranging the placees on a best effort, for the issue of the Bonds with an aggregate principal amount of up to HK$200 million.

PROSPECTS, FUTURE PLANS AND STRATEGIES

The business landscape has changed significantly over the last 5 years, as stated in last year report, "most of Industrial output has moved to Asia and mid-Asia and with ever increasing growth in population. Countries in these regions, including China and India, are suffering from severe air pollution, "Smog", that has now reached levels where pressures are placed on the respective governments to take action to protect public at large."

Now added to this scenario is the politically instability happened in the Middle East, Russia and Ukraine, precipitating an abrupt change of the oil price from over US$100 per barrel to now less than US$60.

The Chinese economy is beginning to plateau, with the penetration of our key products made already in the coal/power station markets. Focus is now moving to newer, cleaner fuels and products.

India, on the other hand, with a new Government is on the verge of expansion; and the need for Greens traditional products and core technologies is expected to dramatically increase during 2015. As the new Government expansion policies take hold, and the Power gap presently being experienced is started to narrow, therefore further economic growth is anticipated.

Economies in Europe are starting to come out of recession, but the speed and longevity of the recovery is somewhat uncertain.

USA, China and South East Asia remain relatively buoyant markets, due to extensive available resources, steady population growth and growing demands for an improvement of living standards.

Globally, there nonetheless remains increasing intensity to improve thermal efficiency and reduce emissions in order to meet promised targets of various governments. In most of the Group's established markets, there is an acceleration of commitment to reduce dependency on fossil fuels with clean energy projects being installed. Projects involving modification to existing power plant and others being larger scale waste to energy and biomass plants are now the priority.

Nuclear, wind and solar power projects that rely on much stronger commitments from governments are starting to gain traction with green light being granted by governments. These do contribute partly to filling the 'demand gap'.

New opportunities, whereby GREENS is very well positioned here and has been securing a number of these opportunities through its overseas platform, are being created where skills and track record are required alongside with clean energy emphasis.

The continued development of Greens Combustion within the Petro-chemical, Process and refining markets represents a significant development for Greens future growth. Opportunities for business expansion of this area are being explored both overseas and domestic China, bringing technology collaboration between Greens and well-known partners on a worldwide basis.

The development of shale gas in particular is reducing the cost of energy that has changed the face of industry with significant reducing dependence on the Middle East. Advancements in technology and economic pressures have now resulted in significant progress in the extraction of fuels from difficult locations and also make the burning of domestic waste and lower calorific value fuels with less Sulphur content commercially viable. This is already presenting opportunities for the supply of conventional power generating equipment. The ever increasing volumes of domestic refuse and the restrictions on land fill sites has required many local authorities in developed countries to invest in transforming waste to energy projects. Coal plants are being converted to biomass and this requires skills and experience that Greens provides. Contracts have now been secured and delivered on schedule by our business units.

Short term solutions such as diesel engine power projects are being installed in more remote areas where access to prime fuels is restricted particularly in developing countries such as Bangladesh and also in Middle East. Typically such projects involve a number of the Group's exhaust gas economisers and boilers. The Group has successfully captured contracts in this area. The project value is often five to ten times of some of the Groups standard economizer contracts. Somehow Greens are increasingly becoming an Engineering and Procurement Contractor (EPC).

China and Mid Asia

Basic national targets for China and mid Asia, including India, are still unchanged. According to the recent policies of Chinese government, environmental protection industries will receive funding from the Chinese government in an effort to stimulate technological innovation. The funding will cover a wide range of technologies that address air, water and soil pollution including energy saving products, waste disposal, electric vehicles and pollution monitoring. The Group's competitive advantage consists of its international reputation and its well-established exposure to the market in China where success has already been attained through efficiency improvements by addition of its low temperature economizers on several coal fired power stations. There is much more potential for the Group to participate the "Coming In" target plans as stipulated in the View including an active role with state owned corporations, utilities and petro chemical companies in the development of and upgrading of existing steam generating and process plant, waste heat boilers and waste to energy plants, which are related to energy efficiency solutions, high efficiency combustion, optimization of heat transfer performance, reduction in emissions and disposal of wastes.

During early 2014, major cities in China such as Beijing and Shanghai have announced their respective plans to pursue the Action Plan. The ten measures of the Action Plan has already been made public including the rectification of small coal-fired boilers and upgrade the facilities of coal-fired steel mills, cement plants and power plants.

Meanwhile, markets like India, Bangladesh and Pakistan and some African countries are very active because of their targets to respond to power demands and development of the infrastructure. It is the parliament election year in India, the possible change in government in India is expected to enable many suspended projects to be sanctioned to proceed and investment funds allocated made available. Whilst prospects in India have started to build up again, Bangladesh and parts of the Middle East are already showing great potential. The Group has already supplied equipment and developed relationships with active main contractors there. Whilst most boiler companies have suffered from delays to projects in India the twelfth five years plan of India with a target of constructing approximately 100GW of thermal power capacity from 2012 to 2017 as reported by the local media. The preferred solutions, and environmental friendly, are gas fired co-generation projects. India has already invested in a national grid pipeline and several LNG terminals that constitute part of the long term plan to reduce dependence on coal. However, the final prices of gas and electricity are key factors affecting the decision of independent power developers that has affected the rate of progress and at the moment such investment is stalled until such time as government takes action through incentives or subsidies. A number of private developers placed their plans on hold for construction and these projects can be fast tracked for completion if a new government in India addresses the problem as part of the solution to improve the environment. In the meantime the country continues to use coal fired power stations leading to the environmental problems of India to meet legislation needs upgrading and conversion. New projects in developing markets like India and Bangladesh are at higher risk because it relies on funding or overseas investment. Based on the experience of the last few years suppliers are more careful to request secure terms and guaranteed letters of credits as prerequisite to invest any projects.

Given the above, the slow-down of major markets in the last few years like China and India, has had an adverse impact on the Global power generating industry. But, as a result of increased environmental pressures, China has already picked up and is expected to follow by India; both markets then accelerating in the short and medium term. A number of orders for gas and coal-fired power plant retrofitting have been attained by the Group and it is now targeting the size and frequency of orders from major customers in China in the remaining part of the year. The availability of shale gas in China will also have a significant impact.

In the past three years, the Group has established solid track record in China of its capabilities to design and manufacture of power facilities fueled by renewable energy, namely, waste-to-energy and biomass fuel. New orders have been placed by the Group's strategic business partner who is the leading biomass power plant subcontractor around the world. More extensive cooperation between us is expected to materialize shortly. More attention about the environmental contribution of waste-to-energy and biomass power generation has been drawn among South Asian countries. The Group, leveraged on its international would actively focus on these new potential markets.

The management has decided to strengthen the production capability in Inner Mongolia to include pressurized vessels and boilers components. Application for the necessary technical licenses and accreditation from the Chinese government has been attained and the Company expects to secure orders for other types of clean energy projects in that region. Being part of the sustainable development directives of the Group, the management has been carefully looking for other alternative opportunities to revitalize the Group's investment in Inner Mongolia.

Other International Markets

Certain sales opportunities were delayed in 2014, as China plateaued while the recovery in America, Europe and India took longer than expected. However, in 2015 there are already signs of turnaround and the momentum of improvement in various segments, including but not limited to, the more active heat transfer products market in South Asia and the Middle East and the solid infrastructure upgrading plans in the USA market.

The Singapore office has successfully completed major FPSO projects now targets for more orders from FPSO markets in South Asia, and promoted the Group's experience to Chinese shipyards who are focusing on larger marine and offshore projects.

The original development plans for Brazil remains on hold whilst our major competitors have already established a foothold.

The USA subsidiary has delivered some sizable jobs and is expected to continue the success. Based on positive response in North America, the Group will further enhance the sales and technical skills with priority to support USA customers. Much focus has been placed on supporting key customers in USA. We are confident of securing orders from major co-generation plant in 2015 as gas prices have tumbled. Besides, the onset of shale gas production and power plants fueled by new fuel supply is expected to produce more opportunities for the power industry.

For the European markets, our UK subsidiary has resumed profitability in 2014. They will strengthen the customer follow up and aim at tendering larger turnkey projects in developing countries.

Internationally, over RMB300 million has been in one project which involves traditional oil and gas fired boilers to be installed onto a sizable oil refinery in the Middle East. This project demonstrates the strength where GREENS is competent.

Singapore, India and the UK are committed to focus on waste to energy retrofit and biomass in 2015.

Greens Combustion, with their team in South England will focus on their core skills in the international petro-chemical, process and refining markets worldwide including China.

The combustion, an upstream expansion of the Groups, is expected to have synergistic effect to the further development of the Group and will provide opportunities to the other core segments.

MATERIAL LITIGATIONS AND ARBITRATIONS

China

Shanghai Baoyi International Trading Co Ltd filed a claim related to the unsettled invoices billed for raw materials supplied to Greens Power Equipment (China) Co Ltd. By end of 2014, a mediation of this claim amounted to approximately RMB10.8 million was agreed. In early 2015, a Civil Complaint was filed by Shanghai Baoyi as Greens Power Equipment (China) Co. Ltd failed to execute the mediation as agreed. This claim remains pending and it is expected to be solved during 2015.

USA

CMI Energy filed a claim related to back charges on the equipment delivered by Greens for the West Deptford project. At the end of 2014, this claim amounted to approximately USD1 million and was scheduled for mediation in early 2015. This case was resolved by a settlement agreement between CMI and Greens in the amount of USD750,000 signed in March 2015.

Shelby Mechanical filed a claim related to excess expenditures on their work performed under contract for Greens. Greens has counter claimed for excess payments made above maximum contract value and uncompleted work by Shelby. Current status at the end of 2014 is that initial interrogatories and discovery have been completed. Depositions are required to be completed in April and May 2015.

India

During 2014 the Group took legal action on unpaid invoices owed to Greens Power Equipment (China) Co. Ltd in relation to projects completed in India. These related to three separate projects. Awards have been made on the first project during 2015 totaling USD1.1 million and positive actions and outcomes on the remaining projects are expected during 2015.

Other than mentioned above, the Group has no material litigations and arbitrations.

FINAL DIVIDEND

The Board does not recommend payment of any final dividend for the year ended 31 December 2014 (2013: Nil).

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct for the directors of the Company in their dealings in the Company's securities. The Company, having made specific enquiries on all the directors of the Company, confirmed that all its directors have complied with the Model Code throughout the year ended 31 December 2014.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance of incorporating elements of good corporate governance into the management structure and the internal control procedures of the Group so as to ensure that all business activities of the Group and the decision making processes are properly regulated. During the year under review, the Company has applied the principles and has complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2014.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group, and to review the Company's annual report and to provide advice and comments thereon to the Board. The audit committee comprises of Mr. Tse Chi Wai (Chairman), Mr. Jack Michael Biddison, Mr. Chan Ka Leung, Kevin and Mr. Koo Luen Bong.

The Audit Committee has reviewed and approved the Group's audited results for the year ended 31 December 2014. The results have been audited by RSM Nelson Wheeler, the auditors of the Company.

PRELIMINARY ANNOUNCEMENT OF THE RESULTS AGREED BY AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2014 have been agreed by the Company's auditors, RSM Nelson Wheeler, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2014. The work performed by RSM Nelson Wheeler in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by RSM Nelson Wheeler on the preliminary announcement.

PUBLICATION OF ANNUAL REPORT

The 2014 annual 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*
Tang Yau Sing
Chairman

Hong Kong, 31 March 2015

As at the date hereof, the Board comprises four executive directors namely Mr. Tang Yau Sing, Mr. Cheung Kam Shing, Terry, Mr. Xie Zhiqing and Ms. Chen Tianyi; Mr. Zhu Keming as non-executive director and four independent non-executive directors namely Mr. Tse Chi Wai, Mr. Chan Ka Leung, Kevin, Mr. Koo Luen Bong, Ivan and Mr. Jack Michael Biddison. (The names of the board members referred hereto are based on the latest register of directors of the Company.)

* *For identification purposes*