GREENS HOLDINGS LTD
格菱控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1318

*For identification purposes only

2009 ANNUAL REPORT

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CORPORATION INFORMATION

BOARD

Executive directors:

Mr. Frank Ellis (Chairman and Chief Executive Officer)
Mr. Xie Zhiqing
Ms. Chen Tianyi

Non-executive director:

Mr. Zhu Keming

Independent non-executive Directors:

Mr. Jack Michael Biddison
Mr. Yim Kai Pung
Mr. Ling Xiang

REGISTERED OFFICE

ATC Trustees (Cayman) Limited
George Town, Grand Cayman KY1-1203
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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COMPANY SECRETARY

Mr. Chan Wing Bun

AUTHORIZED REPRESENTATIVES

Mr. Frank Ellis
Mr. Chan Wing Bun

AUDIT COMMITTEE

Mr. Yim Kai Pung (chairman)
Mr. Jack Michael Biddison
Mr. Ling Xiang

REMUNERATION COMMITTEE

Mr. Jack Michael Biddison (chairman)
Mr. Yim Kai Pung
Mr. Frank Ellis

NOMINATION COMMITTEE

Mr. Ling Xiang (chairman)
Mr. Chen Tianyi
Mr. Yim Kai Pung

HONG KONG SHARE REGISTRAR

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AUDITORS

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HONG KONG LEGAL ADVISERS

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COMPLIANCE ADVISOR

Quam Capital Limited
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Hong Kong

PRINCIPAL BANKER

Bank of China Limited, Jingjiang Branch
Bank of Communications, Hong Kong Branch

WEBSITE

www.greensholdings.com

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited
(Stock Code: 1318)

FINANCIAL SUMMARY

PERFORMANCE HIGHLIGHTS

Revenue for 2009 was approximately RMB555,000,000, representing an increase of 28.9% as compared with last year.

Profit attributable to owners of the Company for 2009 was approximately RMB68,300,000, representing an increase of approximately 13.8% as compared with last year.

Basic earnings per share for 2009 amounted to RMB0.072, representing an decrease of approximately 7.69% as compared with last year.

The Board recommended payment of a final dividend of HK2.17 cents per share for the year ended 31 December 2009.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors (the "Board"), I am pleased to present the first set of consolidated annual results of Greens Holdings Ltd. ("Greens" or the "Company", together with its subsidiaries, the "Group") for the year ended 31 December 2009 following our successful listing on Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 6 November 2009.

Greens has continued to achieve our vision of becoming the world's most respected enterprise in providing key heat transfer and alternative energy products and solutions all designed to enhance energy efficiency for a greener world.

YEAR-ON-YEAR GROWTH IN REVENUE AND EARNINGS IN 2009

We have overcome many challenges posed by the financial crisis that have impacted worldwide business and caused a slowing down in economies and global investment in new projects, as well as some of our on-going projects throughout the year. The Group's total revenue for the year ended 31 December 2009 grew approximately 28.9% to approximately RMB555 million (2008: approximately RMB431 million). As result of our efficient cost management, further economies of scale and proven cost management capabilities, as well as taking into account the effect of Group Reorganization in 2008, our gross profit margin was improved to approximately 32.4% (2008: approximately 25.4%). The net profit margin was approximately 15.5% (2008: approximately 16.7%). Consequently, profit attributable to owners of the Company for the year rose approximately 13.8% to approximately RMB68.3 million (compared to approximately RMB60.1 million in 2008), while basic earnings per share for the year under review amounted to RMB0.072 (2008: RMB0.078).

ECONOMISERS — A 66% MARKET SHARE IN CHINA AND 38% GLOBALLY

Our first and foremost goal in the year of 2009 focused on strengthening Greens' leading position in two of its core product categories: economisers and waste heat recovery systems. Our well established name and reputation, tracing back to 1845, strong capabilities, international pool of experienced talent and our efficient manufacturing base in China all combined to give us an edge in defining quality and innovative products under a low cost structure that makes our products highly competitive in the global marketplace. During the year under review, we continued to maintain our market leadership in economisers by maintaining our share in the global market for extended surface economisers and an impressive share in the China market. We also maintained our position as the largest China-based supplier of heat recovery steam generator (HRSG) modules for HRSG system designers worldwide as well as expanding our waste heat boiler business in China and business for HRSG's for international diesel engine power generation.

Demand for economisers, especially for highly efficient H steel economisers for relatively cleaner and larger capacity high pressure coal fired power stations, continued to grow. This was driven by a number of factors including the need for power plants to replace less efficient boilers which levels of emissions exceed the applicable legislative limits, the advance in improved technology which enables a greater extent of tolerance to lower quality fuel. The volatility of fuel prices which creates added incentive for power plants to enhance their overall efficiency. Greens, as the leading and foremost supplier in the industry for extended surface economisers, is able to provide the technical solutions to meet the market demand. As result of the stricter environmental regulations require that power plants install desulphurisation and other environmental protection facilities and since the extended surface Steel H economisers are significantly smaller and are custom-designed for boilermakers to fit into a smaller space than other designs of economisers, this leaves space for the installation of additional equipment without incurring high capital cost and making available valuable area in the vicinity of boiler plant.

A GLOBAL BUSINESS WITH CHINA FOCUS

Our second goal was to forge ahead with further expansion of our international footprint and business. Greens global sales network covers Europe, China, Japan, South and North America and other parts of Asia. Our long corporate heritage, spanning over a century, not only allowed us to excel in product quality and design, but also enabled us to accumulate and retain a very strong blue-chip customer base that has emerged as world leaders in their respective industries.

Our initiatives in the mainland China market have also yielded good progress. Not only did our low-cost operations there enable us to remain resilient under tough market conditions during the first half of 2009, our China operations have also provided us with a big advantage in further expanding our business in China's fast growing market which is placing increasing emphasis on protecting the environment while maintaining its rapid economic development. We are now seeing increased demand for our heat transfer products and solutions and believe that demand will continue in the coming years. During 2009 the Company decided to open representative offices in India and Singapore to gain better access to key markets which has extended the market opportunities for Greens to promote and market its products in these locations.

VERTICAL AND HORIZONTAL EXPANSION TO DIVERSIFY INTO OTHER ALTERNATIVE ENERGY AREAS

Our third goal of the year was to further broaden our business portfolio with more diversified and stable income streams. In 2009, Greens sought vertical expansion by diversifying its business into other alternative energy areas such as waste heat power generation. We also expanded horizontally via our investments in wind turbine tower production. Following our first investment in a cooperative venture with Xinjiang International Coking Company Limited ("Xinjiang Coke") in May 2008 on a waste heat power generation BOT project, we entered into an agreement and joint venture contract with Tongliao Boiler Factory Limited ("Tongliao Boiler") in June 2009 to manufacture and sell wind turbine towers with the support and encouragement of the local Government in Tongliao. In January 2010 the Company acquired all of the shares of Tongliao Greens Wind Power Equipment Company Limited ("Tongliao Greens") which is now a wholly owned subsidiary of the Company. These efforts reflect our ability to diversify our sources of revenue by seeking synergies that align with our core strengths in heat transfer products.

ENERGY EFFICIENCY HAS NOW BECOME A GLOBAL FOCUS

Today, Greens is one of the foremost players for energy efficiency and environmental improvement technologies. Despite volatile fuel prices, global demand for energy continues to grow. At the same time, governments around the globe have shown rising commitment in reducing carbon dioxide ("CO_2"), nitrogen oxide and sulphurous oxide emissions. We are in the enviable position of securing lucrative opportunities.

The G20 Summit held in September 2009 called for nations around the world to phase out subsidies for oil and fossil fuels to reduce carbon dioxide emissions. In the two-week Copenhagen Climate Change Summit held in December 2009, delegates approved a motion to take note of 'the Copenhagen Accord' and whilst this accord is not legally binding for reducing CO2 emissions. As of 4th January 2010 138 countries had signed the agreement. One part of the agreement pledges US$30 billion to the developing world are the next 3 years rising to US$100 billion per year by 2020. The United States had pledged to cut greenhouse emissions by 17% below 2005 levels by 2020 and prior to the summit Europe had agreed to cut greenhouse emissions by 30% below 1990 levels by 2020 if international agreement was reached. According to its 11th Five-Year Plan for National Economic and Social Development, China has also set the goal to reduce its energy consumption per unit of gross domestic product by 20% and pollution by 10% by 2010 from 2005 levels. The National People's Congress of PRC of 2010 also made carbon dioxide reduction one of the major goals for the nation at wide. This global trend and nations' commitments certainly create greater demand for comprehensive energy saving products and solutions and thus present significant market potential for our Group.

In line with governments' efforts to protect the environment and reduce emissions, Greens is also committed to make contributions to environmental conservation and protection for future generations. Over the past few years, we have increased our production capacity significantly to meet market demand to facilitate energy efficiency in relation to power usage and consumption, and we will continue in so doing in the foreseeable future for the benefit of the environment and the globe. Going forward, we have a set of plans in place to increase the production capacity of our economisers, waste heat recovery products, boiler components as well as marine products. Apart from significantly expanding capacity at our existing Xieqiao plant and Gushan plant in Jingjiang, Jiangsu province, we also plan to construct a new manufacturing assembly facility close to the river in Jingjiang, Jiangsu province in China. In addition, we are also in the process of developing our manufacturing facilities in India and seeking opportunities to establish production facilities in Brazil. Having such an international footprint will contribute to our continuing growth and solidify our market positions for our core products internationally.

A PROMISING FUTURE AHEAD OF US

To capitalise on the increasing demand for our products, Greens will expand our global presence in India, Singapore, USA and Brazil to enhance and strengthen the existing sales network by opening more sales and representative offices there to carry out strategic sales and marketing.

We will continue to leverage our experience in waste heat recovery systems to make every effort to develop new applications and further diversify our existing business into other alternative energy related business, including waste heat generation, wind turbine tower manufacturing and comprehensive HRSG products and modules that cater the needs of power plants of all scales.

Greens is a company with a long history and proven capabilities in the energy efficiency related field. We are proud of a dedicated work force which shares the same vision as the Company. These provide a sound basis for the creation of core and lasting values for Greens. We owe a debt of gratitude to our management team, which is comprised of international and domestic industry experts, top professionals and skilled people of different nationalities and backgrounds. We also warmly thank our customers for their loyalty and long-term support in choosing our products to help keep the environment clean. We are fully committed to creating a greener and cleaner world. We sincerely look forward to the continued support of our shareholders in helping us fulfil our mission as we share the fruits of success in their investments and create a better world for our next generation.

Frank Ellis, Chairman
23 April 2010

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group is a leading supplier of key heat transfer products designed to enhance energy efficiency. We have focused on the manufacture and supply of heat transfer products and solutions, including: economisers, waste heat recovery products (including heat recovery steam generators or HRSGs), boiler components, marine products, waste heat power generation and the manufacture and supply of wind turbine towers as well as related services and repairs. We have leveraged our strengths in engineering and technical knowhow to expand into the alternative energy sector, such as waste heat power generation and the manufacture and supply of wind turbine towers.

Economisers, a major product category of the Group, are primarily applied in the coal-fired power stations and industrial power plants to increase efficiency. Our HRSG products and other waste heat recovery products are primarily used in gas-fired power stations, and our waste heat boilers are used in other applications such as cement plants, coking plants and oil refineries to recover waste heat and reduce emissions.

Our vision is to create a greener world by making a contribution to environment conservation by enhancing energy efficiency and reducing emissions.

The Group recorded business growth in the year ended 31 December 2009. Consolidated revenue grew by approximately 29% year-on-year to approximately RMB555 million. This was mainly attributable to the strong demand for the Group's core products and our acquisition of Mega Smart Investments Limited ("the Mega Smart Group") on 22 July 2008 in particular after taking account of the value of the business and assets of Greens Power Limited and Greens Power Equipment (China) Co. Ltd which are two of its subsidiaries which was acquired by the Group on 22 July 2008. Our high capabilities in engineering and technology compounded with our effective cost management measures enabled us to record an expansion in gross profit margin, rising from approximately 25% in 2008 to approximately 32% in the year under review, while profit attributable to owners of the Company grew approximately 14% to approximately RMB68 million. Basic earnings per share attributable to owners of the Company amounted to RMB0.072, versus approximately RMB0.078 in 2008.

1. Economisers

As one of the largest economiser producers in the world, according to Frost & Sullivan Limited, the Group continued to maintain its market leadership with an approximate 38% share of the global market for extended surface economisers and an impressive approximate 66% share in the China market (based on tonnes sold in 2008). As there has been increasing concern over emissions and energy efficiency in response to rising fuel prices, the demand for economisers has been on the rise in the year under review despite a weak economy worldwide. As such, the Group's sales of economisers in the year under review rose approximately 17% to approximately RMB211 million as compared with the previous year. This segment formed the largest revenue stream and accounted for approximately 38% of the Group's total revenue in the year under review.

Gross profit margin of this product category increased to approximately 39%, as compared to approximately 27% in the previous year.

The Group focused on supplying Steel-H economisers, which are a type of extended surface economiser, and when compared to typical plain steel economisers are generally more compact and cost effective. We maintain our competitive edge in this product category because of our higher technical sophistication in the production process. Our Steel-H economisers, using finned tubes with H-shaped metal fins attached onto metal tubes, are particularly well-suited for dusty environments such as coal-fired power plants and have strong capabilities across a wide range of fuels, including fuels such as coals with low calorific content and high ash content, and in a variety of applications, such as cement plants, coking plants and oil refineries. The demand for the Steel-H economisers in both international and PRC markets was high although some orders have been delayed by customers and we are confident that the demand for our economisers will remain strong in the coming years as a result of an increase in demand by customers for maximum efficiency and fewer emissions for their coal fired boilers and a higher expectation of customers for economesers equipped with improved and advanced technology for their use and production.

2. Waste Heat Recovery Products

We supply a variety of waste heat recovery products, including HRSG products and waste heat boilers which are designed to reduce pollution by lowering excess high temperature emissions exhausted to the atmosphere. During the year under review, sales of waste heat recovery products increased by approximately 25% to approximately RMB133 million mainly due to consistently strong market demand for heat recovery products. Although the financial crises in 2008 had caused certain customers of the Group to put their orders for our HRSG products on hold in 2009, because of the gradual recovery and rebound of the global economy, the Group is confident that the global demand for our HRSG products will pick up its pace again in 2010.

During the year under review, the Group was able to maintain its gross profit margin at a stable level, despite an increase in the cost of raw materials, as a result of the effectiveness of the cost control measures adopted and implemented by the Group. Gross profit margin of this product category remained at approximately 36%, as compared to approximately 37% in the previous year.

The production of HRSG products capitalizes on our experience and capabilities in manufacturing heat transfer extended surface tubes known as finned tubes, which are among the most critical components of a heat transfer system. As part of our efforts to diversify our product portfolio, we have allocated more resources for the marketing and manufacturing of our waste heat recovery products, boiler components and marine products. Our HRSG products were widely applied in both combined cycle gas turbine plants and cogeneration plants.

3. Boiler components

We offer a variety of boiler components in the pressure and containment sections of a boiler system, including air pre-heaters, superheaters, and other components such as power station steel structures. Our boiler components are designed for industrial and power generation applications, as well as large boilers in general. During the year under review, sales of boiler components rose by approximately 170% to approximately RMB106 million. The significant increase primarily reflected the sales contribution in 2009 from the Mega Smart Group and our dedicated efforts to diversify our product portfolio. Gross profit margin of this product category increased to approximately 39%, as compared to approximately 17% in the previous year.

4. Marine products

We supply a variety of packaged marine boilers, marine exhaust gas boilers, and other marine boiler products for PRC and international customers. During the year under review, sales of marine products decreased by approximately 9% to approximately RMB14 million mainly due to a slowdown in the shipbuilding output worldwide and an associated decline in orders as a result of the global downturn. Gross profit margin of this product category was approximately 24%, as compared to approximately 29% in the previous year.

Our marine boiler products are generally categorized into fired boilers and other marine boilers. Many of our PRC customers of marine boilers are shipyards located in China. Our products are used in a wide range of marine vessels such as bulk carriers, container ships, tankers, LNG vessels and FPSOs.

5. Services 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. Our service and repair business capitalizes on our experience and capabilities in our heat transfer product manufacturing businesses. During the year under review, revenue from services and repairs grew by approximately 318% as compared to the previous year to approximately RMB36 million. The strong growth is due in part to the revenue contribution in 2009 from the Mega Smart Group and by two relatively large international contracts undertaken during the year under review, for the refurbishment of HRSGs at an LNG terminal in the UK that generated revenue of approximately RMB12.0 million in 2009, and a contract for the repair of an economiser and a superheater that generated revenue of approximately RMB4.8 million in the year under review.

6. Waste Heat Power Generation

Leveraging our strengths in waste heat power generation, we have diversified our business into the waste heat power generation market and established cooperation with other waste or exhaust heat resource owners in 2008. The year of 2009 is the second year of our operations in this area. Total revenue generated from waste heat power generation decreased from approximately RMB81 million in 2008 to approximately RMB54 million for the year ended 31 December 2009. The total revenue comprises both construction revenue and sales of electricity. The construction revenue in 2009 was approximately RMB43 million (2008: approximately RMB81 million) and the generating revenue in 2009 was approximately RMB11 million (2008: nil). The construction revenue relates to the infrastructure of the waste heat power generation plant and the revenue recognised in 2009 represents the balance of the construction revenue on the plant after the majority of the plant had been completed in 2008. The generating revenue relates to the sale of electricity generated by the plant. The generation of electricity began in June 2009.

Having seized opportunities to participate in the waste heat power generation sector in May 2008, the Group had entered into a cooperation agreement with Xinjiang International Coking Company Limited ("Xinjiang Coke"), in the Xinjiang Autonomous Region. Pursuant to the cooperation agreement, Baicheng Greens Waste Heat Power Generation Co., Ltd ("Greens Baicheng"), a wholly owned subsidiary of our Group and the project company established by the Group for this project (the "Xinjiang Project"), is to sell electricity generated from the waste heat produced by Xinjiang Coke to State Grid Corporation of China. The Xinjiang Project is structured based on the build-operate-transfer, or BOT model. During the contract period, from May 2008 to July 2015, Greens Baicheng will construct a waste heat power generation plant and provide the equipment for this project in return for profits generated from the project's electricity sales. At the end of the contract period, the Group has agreed to transfer our entire equity interest in Greens Baicheng at no consideration to Xinjiang Coke.

7. Wind Turbine Towers

As part of our efforts to diversify our business into other alternative energy areas, in June 2009, the Group entered into a joint venture contract with Tongliao Boiler Factory Limited ("Tongliao Boiler"), an independent third party prior to its entry into joint venture contract with us in relation to Tongliao Greens Wind Power Equipment Co. Ltd ("Tongliao Greens"), to engage in the wind turbine towers manufacturing and sale business. Tongliao Greens is expected to commence the manufacture and supply of wind turbine towers to regions such as Inner Mongolia, Heilongjiang, Jilin and Liaoning in China in May 2010. This business had yet to contribute any revenue to the Group for the year of 2009.

8. International Business Platform

Our manufacturing facilities are located in Shanghai and Jiangsu Province on the Yangtze River Delta in China. We also maintain operations in Wakefield, UK. The Group's global sales network covers Europe, China, Japan, South and North America and other parts of Asia. To further strengthen our global outreach, we have established a subsidiary focusing on sales and repairs of marine boilers in Singapore and a representative office focusing on sales of economisers and boiler components in India during the year under review.

9. Commitment to design, engineering and technical excellence

The Group's commitment to design, engineering and technical excellence has contributed to our ability to maintain a highly competitive edge in those product segments such as the extended surface economisers with high profit margin. Our finning technology contributes significantly to our efforts to extend the operating life of our economisers and waste heat recovery products and enhance heat transfer efficiency.

We also distinguish ourselves from our competitors in our finning quality, which is particularly important for substantial size projects with high power output. Our engineers provide full customer support from the initial enquiry stage throughout the conceptual and detailed design stages by working closely with our customers' engineers.

As an accreditation to the quality of our products, we have received quality certifications approving the supply of our products to the PRC and other major markets in the world. In the PRC, we have received the Manufacture Licenses of Special Equipment for Class A boiler and boiler components from General Administration of Quality Supervision, Inspection and Quarantine of the PRC (中國國家質量監督檢驗檢疫總局), which qualify us to supply Class A boilers, economisers and other boiler components for Class A boilers in China. We have also obtained a number of international quality accreditation certificates, including the American Society of Mechanical Engineers (美國機械工程師協會) Certificates in the United States and the EN Certificate in Europe.

FINANCIAL REVIEW

1. Revenue

The Group's revenue for the year under review amounted to approximately RMB555 million, representing an approximate 29% increase as compared with last year. Such a strong growth was mainly driven by strong demand for our core products, our acquisition of the Mega Smart Group and also reflected a combination of the increases in revenue generated from our waste heat recovery products segment and our boiler components segment, and the revenue generated from the Xinjiang Project in 2009. The following is a revenue breakdown by operating segments in the year under review:

Revenue by Operating Segments

	For the year ended 31 December			
	2009		2008	
	RMB'000	**As a % of total revenue**	RMB'000	As a % of total revenue
Economisers	**211,284**	**38.0**	180,212	41.8
Waste heat recovery products	**133,179**	**24.0**	106,409	24.7
Boiler components	**105,972**	**19.1**	39,188	9.1
Marine products	**14,426**	**2.6**	15,852	3.7
Services and repairs	**36,492**	**6.6**	8,738	2.0
Waste heat power generation	**54,087**	**9.7**	80,674	18.7
Total revenue	**555,440**	**100.0**	431,073	100.0

In 2009, revenue from our international sales and PRC sales represented approximately 36% and 64% of our total revenue, respectively. The Group maintained its position as the leading supplier of key heat transfer products in the PRC and international markets in 2009. With the efforts spent by the Group in expanding its business in international markets, international sales amounted to approximately RMB200 million (2008: approximately RMB142 million), accounting for approximately 36 % of total sales and representing an increase of approximately 41 % over last year. During the year under review, the increase in international sales was principally due to the increase in the total international sales amount of key heat transfer products.

The following table shows a revenue breakdown by geographical location of our customers for the year under review:

Revenue by Geographical Markets

	For the year ended 31 December			
	2009		2008	
	RMB'000	**As a % of total revenue**	RMB'000	As a % of total revenue
China	**355,544**	**64.0**	288,936	67.0
Europe	**115,201**	**20.7**	73,729	17.1
Japan	**19,864**	**3.6**	7,984	1.9
North and South America	**38,854**	**7.0**	59,598	13.8
Rest of Asia	**23,898**	**4.3**	383	0.1
Others	**2,079**	**0.4**	443	0.1
Total revenue	**555,440**	**100.0**	431,073	100.0

2. Gross Profit Margin and Gross Profit

Gross profit for the year under review increased by approximately 64% to approximately RMB180 million, part of which was due to the acquisition of the Mega Smart Group which was acquired on 22 July 2008. Our gross profit margin also increased from approximately 25% in 2008 to approximately 32% in the year under review, primarily reflecting the increase in the gross profit margin in our economisers segment and our boiler components segment. However, it was partially offset by the lower gross profit margin in relation to our services and repairs segment. A breakdown of the gross margins of our operating segments are as follows:

	For the year ended 31 December	
Gross profit margins	**2009 (%)**	2008 (%)
Economisers	**39.3**	26.7
Waste heat recovery products	**36.3**	37.1
Boiler components	**39.4**	17.4
Marine products	**23.7**	28.8
Services and repairs	**12.8**	58.9
Waste heat power generation	**(2.5)**	6.9
Total revenue	**32.4**	25.4

The gross profit margin for our economisers segment increased to approximately 39%, as compared to approximately 27% in 2008. Such increase reflected the results of our acquisition of the Mega Smart Group, particularly after taking into account the value of the business and assets of Greens Power Limited ("Greens UK") and Greens Power Equipment (China) Co., Ltd. ("GPEL") which are two of its subsidiaries, and that the Group was successful in obtaining some high margin contracts for certain international customers.

Gross profit margin for our waste heat recovery products segment remained fairly stable at approximately 37% in 2008 as compared to approximately 36% in the year under review.

Gross profit margin for our boiler components segment increased from approximately 17% in 2008 to approximately 39% in the year under review. This increase reflects the increased complexity of the products supplied in this segment following the acquisition of the Mega Smart Group.

Gross profit margin for our services and repairs segment for the year under review was approximately 13%, as compared to approximately 59% in the previous year. Gross profit margin for these services decreased during the year under review because of the relatively high value international contracts which were of a comparatively narrow profit margin.

Gross profit margin for our waste heat power generation segment for the year ended 31 December 2009 was approximately minus 2.5%, representing a decrease when compared with the gross profit margin of approximately 7% recorded in the previous year. The gross profit margin on the construction has remained relatively stable but the gross profit margin on the generation of electricity has been adversely affected by a temporary shortfall in the output of Xinjiang Coke's plant in the early stage of the operation which has caused a short term reduction in the generating capability of our plant.

3. Net Profit Attributable to Owners of Company and Profit Forecast

Net profit attributable to owners of the Company grew approximately 13.8% to approximately RMB68 million. The net profit attributable to owners of the Company for the year ended 31 December 2009 was approximately 28% less than the profit forecast of RMB95 million as disclosed in the prospectus of the Company dated 23 October 2009 (the "Prospectus") as a result of delay of some of the Group's sales orders, some of which are expected to be completed in 2010. For those orders that are thought likely to be cancelled, the Group has requested compensation and as at the date of this announcement, the relevant customers have agreed to pay compensation amount of about RMB8.5 million. In order to utilise the production capacity that has become available as a consequence of the delay in orders, as at 31 December 2009, the Group has entered into certain new contracts with value of approximately RMB40.3 million with an international power plant design and construction company customer, that are still under production by the end of 2009 and are expected to enhance the Group's reputation and profitability in the future. For details of the order backlog, please refer to the paragraph headed "Order Backlog" below.

4. Other Income and Other Gains and Losses

The Group recorded a gain of approximately RMB14.4 million for the year ended 31 December 2009. We recognised subsidy income of approximately RMB1.5 million to compensate Tongliao Greens for its costs incurred. We recognised approximately RMB7.3 million in income (representing contract cancellation fee net of any cost incurred) from cancellation of contracts for marine products for the year under review. We recognised interest income of approximately RMB3.3 million in the year and we recognised approximately RMB5.0 million of profit on the reversal of impairment loss of proceeds receivables on disposal of Zhangjiagang Greens Shazhou Boiler Co. Ltd. We also recognised a net loss on exchange of approximately RMB1.8 million primarily reflecting the depreciation of the Euro and Pound Sterling against the Renminbi (our reporting currency during the year under review). We increased the allowance for bad debts by approximately RMB1.8 million and recognised other income of approximately RMB0.9 million.

HUMAN RESOURCES

As at 31 December 2009, the Group employed a total of 884 staff (31 December 2008: 870 staff). During the year of 2009, the staff costs of the Group were approximately RMB53.7 million (the year of 2008 : approximately RMB32.2 million), representing an increase of approximately 67% reflecting the acquisition of the Mega Smart Group. 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.

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 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 the U.K. are covered by a defined contribution pension scheme provided by Greens UK.

During the year, the contribution to the above retirement benefit scheme made by the Group amounted to approximately RMB2.7 million.

SELLING AND DISTRIBUTION COSTS

Selling and distribution expenses increased to approximately RMB15 million for the year ended 31 December 2009, reflecting our acquisition of Mega Smart. In particular, salary and wages as well as transportation and shipping costs increased significantly from approximately RMB1.7 million in 2008 to approximately RMB4.3 million in 2009, and from approximately RMB4.5 million in 2008 to approximately RMB8.2 million in 2009 respectively. In line with our business development strategy to develop our international sales network we have increased our presence in India and Singapore.

ADMINISTRATIVE EXPENSES

Our administrative expenses increased from approximately RMB32 million in 2008 to approximately RMB81 million in the year under review. The increase primarily reflected the results of the acquisition of the Mega Smart business, particularly those of Greens UK, as part of our reorganization for the purpose of listing of our Company on the Stock Exchange. In particular, salary and wages, travel, depreciation and amortization as well as office lease payments increased significantly during the year under review. In addition, we incurred a total of approximately RMB14.4 million in professional fees primarily relating to the listing of our Company on the Stock Exchange, compared to approximately RMB7.1 million in the same period in 2008.

ORDER BACKLOG

We generally recognise revenue on a stage of completion bases. Our 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 we entered into on or prior to 31 December 2009 our total order backlog as at 31 December 2009 was approximately RMB298 million. The following table sets forth, by business segment, our order backlog as of 31 December 2009.

	Contract value to be recognised	
	On or prior to 31 December 2010 (in million of RMB)	On or after 1 January 2011 (in million of RMB)
Economisers	**72**	–
Waste heat recovery products	**144**	–
Boiler components	**37**	–
Marine products	**41**	1
Services and repairs	**3**	–
Total	**297**	1

OTHER EXPENSES

Finance Costs

Our finance costs increased from approximately RMB1.9 million in 2008 to approximately RMB12.1 million in the year under review. This was primarily due to the increase in our borrowings in 2009 to fund our business expansion.

LIQUIDITY AND CAPITAL RESOURCES

1. Cash Flows and Working Capital

To date, our operations have been primarily financed by cash generated from our operating activities and additional bank borrowings. In addition, we received approximately RMB437 million net proceeds from the issue of new shares as a result of a successful listing of our Company on the Stock Exchange. Our cash expenditures primarily consist of our purchase of raw materials and components from our suppliers, payments on manufacturing overheads and expenses on wages and salaries. As at 31 December 2009, we had approximately RMB510 million in cash and cash equivalents, compared to approximately RMB79 million as at 31 December 2008 and approximately RMB40 million as of 31 December 2007.

The increase in our cash and cash equivalents in 2009 was primarily due to an increase in our net cash provided by financing activities. Our working capital as of 31 December 2009 was approximately RMB494 million, compared to approximately RMB136 million as of 31 December 2008.

2. Capital Expenditure

The Group's capital expenditures amounted to approximately RMB167 million for the year ended 31 December 2009, as compared to approximately RMB76 million in 2008. The capital expenditures in 2009 were primarily attributable to the construction of the Xinjiang Project and GPEL's Xieqiao plant and acquisition of other property, plant and equipment.

3. 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.

INDEBTEDNESS

The following table sets forth components of our indebtedness as of 31 December 2009 with comparative figures of the previous year:

As of 31 December	**2009 (RMB'000)**	2008 (RMB'000)
Secured bank borrowings	**5,729**	30,000
Unsecured bank borrowings	**375,000**	42,000
	380,729	72,000
Unsecured bank overdrafts	**–**	789
Carrying amount repayable on demand or within 1 year	**260,729**	72,789

As at 31 December 2009, the Group's bank borrowings of approximately RMB261 million carry fixed interest rate at rates ranging between 1.54% and 5.73%. For those bank borrowings made by the Group carrying floating interest rates, of approximately RMB120 million these interest rates were calculated by reference to the benchmark interest rate prescribed by the People's Bank of China.

KEY FINANCIAL RATIOS OF THE GROUP

The following table sets out the key financial ratios of the Group with comparative figures of the previous year as reference:

	2009	2008
Current ratio	**1.94**	1.40
Net debt to equity	**-18.8%**	-3.9%
Gearing ratio	**47.2%**	16.0%

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*

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 on 6 November 2009 amounted to approximately RMB437 million, after deducting related expenses. In 2009, approximately RMB38 million were used in accordance with the proposed use as set out in the Prospectus:

			Use of proceeds stated in the Listing Prospectus	Proceeds utilized
1.	Increase of manufacturing capacity, including			
	(i)	for the purchases of additional machinery for GPEL Xieqiao plant;	RMB46 million	RMB2 million
	(ii)	for purchases of additional machinery and improvement of workshops for our GPEL Gushan plant; and	RMB46 million	–
	(iii)	for the construction of a new facility adjacent to a port at Jingjiang, China and purchases of machinery, which was planned to use primarily for the assembling of waste heat recovery products and marine products for FPSOs and other large scale applications	RMB23 million	–
	Total:		RMB115 million	RMB2 million
2.	Construction of waste heat power generation projects;		RMB106 million	
3.	Expansion of global sales network, including			
	(i)	for development of our India representative office and production facilities;	RMB38 million	–
	(ii)	for development of our Brazil representative office and production facilities;	RMB38 million	–
	(iii)	for machinery at Greens Marine Singapore; and	RMB8 million	–
	(iv)	for our U.S. sales office	RMB4 million	–
	Total:		RMB88 million	–
4.	Acquisition of licenses and technologies; including			
	(i)	for licensed technologies for the manufacturing of waste heat recovery products for 9F class HRSGs; and	RMB61 million	–
	(ii)	for technologies relating to power plants design and engineering	RMB23 million	–
	Total:		RMB84 million	–
5.	Wind turbine towers business at Tongliao Greens, which will include repayment of bank loans used for the construction of manufacturing facilities and working capital		RMB53 million	RMB36 million
	Total:		RMB446 million	RMB38 million

PROSPECT, FUTURE PLANS AND STRATEGIES

The industry outlook for the Group is promising. Governments around the world have shown rising commitment in reducing the emissions. The G20 Summit held in September 2009 called for nations around the world to phase out subsidies for oil and fossil fuels to reduce carbon dioxide emissions. In the two-week Copenhagen Climate Change Summit held in December 2009, delegates approved a motion to take note of 'the Copenhagen Accord' and whilst this accord is not legally binding for reducing CO_2 emissions. As of 4th January 2010 138 countries had signed the agreement. One part of the agreement pledges US$30 billion to the developing world are the next 3 years rising to US$100 billion per year by 2020. The United States had pledged to cut greenhouse emissions by 17% below 2005 levels by 2020 and prior to the summit Europe had agreed to cut greenhouse emissions by 30% below 1990 levels by 2020 if international agreement was reached. According to its 11th Five-Year Plan for National Economic and Social Development, China has also set the goal to reduce its energy consumption per unit of gross domestic product by 20% and pollution by 10% by 2010 from 2005 levels. The National People's Congress of PRC of 2010 also made carbon dioxide reduction one of the major goals for the nation at wide. This global trend and nations' commitments certainly create greater demand for comprehensive energy saving products and solutions and thus present significant market potential for our Group.

The Group aspires to be a leading global supplier of creative, high quality and environmentally friendly heat transfer and alternative energy products and solutions. The Group is positioned itself to meet the global trend and demand and is able secure the best opportunities whenever they arise. We will continue to diversify our business and product offering and further explore opportunities in the alternative energy sector by exploring further opportunities in engaging in BOT projects. To that end, we have developed a business strategy with the following key elements:

1. Increase production capacity

   We have increased our production capacity significantly in recent years to meet the growing demand for our products, and plan to continue to expand our business and operations in the foreseeable future. In particular, we plan to expand our production capacity at GPEL Xieqiao plant and Gushan plant significantly through the purchase of additional machinery. We also plan to construct a new manufacturing facility adjacent to a port located at Jingjiang, China, which manufacturing facility will be planned primarily for the manufacturing of waste heat recovery products and marine products for FPSOs and large-scale marine applications. In addition, we are in the process of developing our manufacturing facilities in India and will also seek to establish production facilities in Brazil. We believe that our production capacity expansion will contribute to our continuing growth and our efforts to solidify our market positions in relation to our core products. The capacity expansion will be funded by proceeds raised in the public offering and the international offering of the Company's shares pursuant to the Prospectus ("Global Offering") and our internal resources.

2. Expand global sales network

   We expect the global demand for heat transfer products and solutions designed to enhance energy efficiency will continue to be strong. To capitalize on this opportunity, we will enhance our global presence by opening strategic sales and marketing offices. We have established a subsidiary focusing on sales and repairs of marine boilers in Singapore and a representative office focusing on sales of economisers and boiler components in India in the year under review. We are in the process of establishing sales offices in the United States and Brazil and will also explore opportunities to establish production facilities in India and Brazil. These expansions will be funded partly by proceeds raised from the Global Offering, and partly by our internal resources.

3. Develop new applications and diversify our business into other alternative energy related businesses

   Our traditional strength lies in our experience and capabilities in designing and manufacturing heat transfer systems and components such as economisers and HRSG products and waste heat recovery products. In line with our objective of becoming a leading supplier of heat transfer and alternative energy products and solutions, we will adjust our business model and strategy from time to time and seize opportunities to develop new product applications and diversify our business into other alternative energy related businesses, including waste heat power generation, wind turbine towers manufacturing and HRSG products. These new projects will be funded by proceeds raised in the Global Offering and by internal resources.

GUARANTEES AND CONTINGENT LIABILITIES

As at 31 December 2009, there were no guarantees or any contingent liabilities incurred by the Group.

PLEDGE OF ASSETS

As at 31 December 2009, the Group had pledged deposits of approximately RMB23 million (31 December 2008: approximately RMB10 million) to secure the certain bank borrowings and banking facilities of the Group.

FOREIGN EXCHANGE RISK

As at 31 December 2009, 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 67.7%, 20.1%, 11.3% and 0.9% (As at 31 December 2008, HK dollars, Renminbi, US dollars and others accounted for approximately 24.0%, 49.1%, 25.2% and 1.7% respectively of the bank balance of the Group). As the sales, purchase and bank borrowings of the Group in 2009 and 2008 were made mainly in Renminbi and US dollars, 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 and US dollars, the Group will convert all bank balance currently maintained in HK dollars into Renminbi or US dollars as soon as possible, and convert all future deposits or receipts in HK dollars into either Renminbi or US dollars to minimize any foreign exchange risk. To reduce our foreign currency exchange exposure the Group has entered into a number of forward transactions on, among other currencies, the Renminbi, U.S. dollar and Euro.

INTEREST RATE RISKS

As at 31 December 2009, the majority of the bank borrowings of the Group are fixed rate borrowings and carry interest ranging from 1.54% to 5.73% 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.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Frank ELLIS, aged 62, is an executive director appointed on April 9, 2008. Mr. Ellis is our Chairman of the Board of Directors and chief executive officer. Mr. Ellis has 40 years experience in heat transfer and boiler industry and is primarily responsible for overall business strategy and overall management of the operational activities of our Group. Mr. Ellis acquired a significant portion of heat transfer products business of Thermal Engineering International Limited ("TEiL") in 2004 and 2005. He worked with TEiL and served as director from 1998 to 2004, and general manager from 2002 to 2004. From 1995 to 1998, Mr. Ellis worked with Nooter/Eriksen Ltd and served as general manager responsible for development of European business for large steam generators for cogeneration. Mr. Ellis joined Senior Thermal Engineering Ltd in 1989 and served as managing director of industrial boiler division in charge of sales and marketing and business development. From 1978 to 1988, Mr. Ellis worked with Gibson Wells Ltd & Foster Wheeler Power Products and served as engineering manager, engineering director and then general manager and director of industrial boiler division. Mr. Ellis joined E Green & Son Ltd in 1964 and served as design engineer and then chief proposals design engineer. Mr. Ellis held a national certificate in mechanical engineering issued by Association of Mechanical Engineering and City & Guildo National Certificate in advanced fuel technology and heat transfer in the United Kingdom.

Mr. XIE Zhiqing, aged 53, is an executive director of our Company appointed on April 9, 2008 and our chief technology officer. Mr. Xie has 34 years of experience in heat transfer and boiler industry, and is primarily responsible for overseeing our manufacturing operations in China. Mr. Xie has served as the general manager of GPEL since 2007, and the general manager of SGTE since 2003. From 1998 to 2003, he joined Shanghai Kaiyuan Boiler Engineering Co., Ltd. (上海開源鍋爐工程有限公司) as an engineer. From 1975 to 1998, he worked with Shanghai Boiler Works, Ltd. (上海鍋爐廠有限公司) as a designing engineer. Mr. Xie graduated from Shanghai Boiler Works Professional College (上海鍋爐廠工人大學) with a diploma in boiler design in 1982.

Ms. CHEN Tianyi, aged 46, is an executive director of our Company appointed on April 9, 2008 and our chief operating officer. With over 15 years of experience in the sales and marketing industry, Ms. Chen is primarily responsible for business strategy and management of the operational activities of our Group in China. Ms. Chen has served as the executive director of GPEL since 2007 and the deputy general manager of SGTE and general manager of Shanghai Greens Marine Engineering Limited (上海格林船務工程有限公司) since 2003. From 2002, she worked as the chief representative of the Shanghai Representative Office of TEiL. From 2000 to 2001, Ms. Chen worked as a director in charge of sales and marketing for Pacific International Logistic (China) Co., Ltd. (太平洋國際物流(中國)有限公司). From 1996 to 1998, she worked as senior manager in charge of sales and marketing of Shanghai Pan Ocean Intermodal Transportation Consulting Services Co., Ltd. (上海泛洋多式聯運諮詢服務有限公司). She graduated from department of electrical engineering (applied computer science) from Shanghai Workers' University of Mechanical and Electrical Industry (上海機電工業職工大學) in 1988 and attended a master's of business administration program at the University of Buckingham in 1999.

NON-EXECUTIVE DIRECTOR

Mr. ZHU Keming, aged 29, is a non-executive Director nominated by China Fund Limited and appointed on August 1, 2008. Mr. Zhu has worked with Shanghai Xingyuan Investment and Management Co., Ltd. (上海興元投資管理有限公司) as chairman and general manager since 2007. From 2007 to 2008, he also served as director of China High Speed Transmission Equipment Group Co., Ltd. (中國高速傳動設備集團有限公司) (Stock Code: 658). Mr. Zhu has also worked with Jiangsu Zhongtai Group Co., Ltd. (江蘇中泰集團有限公司) and served as the secretary of the board of directors since 2002. Mr. Zhu graduated from Nanjing University (南京大學) with a bachelor's degree in finance in 2002.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Jack Michael BIDDISON, aged 56, is an independent non-executive Director of the Company appointed on October 19, 2009. Mr. Biddison has served as vice president for energy & environment of The Pragma Corporation since 2008. From 2007 to 2008, he was director of advisory services of PricewaterhouseCoopers, Tax & Advisory, LLP. From 2006 to 2007, Mr. Biddison served as an independent consultant and principal associate of Segura/IP3 Partners, LLC. From 2000 to 2006, he was managing consultant of PA Government Services, Inc. From 1995 to 2000, he was principal of Hagler Bailly Consulting, Inc. From 1990 to 1995, he served as commissioner and member of the Public Utilities Commission of Ohio. From 1987 to 1990, Mr. Biddison served as chief of the division of oil and gas of the Ohio Department of Natural Resources. From 1982 to 1987, he was manager of petroleum engineering and geological services of General Electric Company, Lighting Business Group. From 1981 to 1982, he worked with CER Corporation. After he graduated from The Ohio State University, he was employed by the consortium of Buckeye Petroleum Company Inc./Inland Field Services Inc./Gasearch, Inc. Mr. Biddison obtained his bachelor's degree in geology and mineralogy from The Ohio State University in 1977, and his master's degree in management and international business from Kent State University in 1985. He is a member of the American Association of Petroleum Geologists, American Institute of Professional Geologists, and International Association of Energy Economists.

Mr. YIM Kai Pung, aged 45, is an independent non-executive Director of the Company appointed on October 19, 2009. Mr. Yim has over 16 years of experience in auditing, taxation and provision of finance consultancy services for companies in Hong Kong and the PRC. He has been a sole proprietor of David Yim & Co., Certified Public Accountants since 1993. He served as an executive director of Sanyuan Group Limited (三元集團有限公司) (Stock Code: 140) since 2009, and an independent non-executive director of Success Universe Group Limited (實德環球有限公司) (Formerly known as Macau Success Limited) (Stock Code: 487) since 2004. From 2006 to 2007, Mr. Yim served as an executive director of Heng Xin China Holdings Limited (恒芯中國控股有限公司) (Formerly Known as Tiger Tech Holdings Limited) (Stock Code: 8046). From 2005 to 2006, Mr. Yim served as an independent non-executive director of Magician Industries (Holdings) Limited (通達工業(集團)有限公司) (Stock Code: 526). Mr. Yim graduated form the City Polytechnic of Hong Kong with a bachelor's degree of accountancy. He is a member of Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants of the United Kingdom.

Mr. LING Xiang, aged 42, is an independent non-executive Director of the Company appointed on October 19, 2009. He joined Nanjing University of Technology in 1991 and currently is the dean of the School of Mechanical and Power Engineering. Mr. Ling served as the deputy dean of the School of Mechanical and Power Engineering since 2006, and was appointed as a doctor supervisor since 2004. Mr. Ling became a professor in 2003 and was appointed as an associate professor in 1998. Mr. Ling obtained a bachelor's degree and a master's degree in chemical machinery from Nanjing Institute of Chemical Technology in 1988 and 1991, respectively, and a doctor's degree in chemical machinery from Nanjing University of Technology in 2002. Mr. Ling is a member of the American Society of Mechanical Engineers.

SENIOR MANAGEMENT

Mr. Frank ELLIS.
Mr. XIE Zhiqing.
Ms. CHEN Tianyi.

Mr. Gifford BROWN, aged 39, is a senior vice president of the Company. With 16 years experience in the boiler industry, Mr. Brown is responsible for the management of Greens UK. Mr. Brown has served as director and general manager of Greens UK since 2008. From 1995 to 2008, he worked with Nooter/Eriksen Ltd and served in various positions including design engineer, project engineer, project manager, sales engineer, sales manager, and managing director. From 1993 to 1995, he worked with Senior Thermal Engineering Ltd. Mr. Brown graduated from Nottingham Trent University (formerly known as Nottingham Polytechnic) with a bachelor's degree in mechanical engineering.

Mr. Andrew Michael LYON, aged 45, is a senior vice president of the Company in charge of non-PRC financial and accounting matters. Mr. Lyon has served as Greens UK's company secretary since 2006 and finance controller since 2005. From 2004 to 2005, he worked with SLW Architectural Aluminium Ltd and serve as the finance director. He joined TEiL and served as the financial controller from 1998 to 2001 and the corporate secretary from 2001 to 2004. From 1994 to 1997, Mr. Lyon served as the chief accountant of Lambson Fine Chemicals Limited. From 1989 to 1993, he worked as a financial accountant of Caird Environmental Limited. From 1985 to 1989, he joined PriceWaterhouse, Liverpool and worked as an auditor. Mr. Lyon is a member of the Institute of Chartered Accountants in England and Wales. Mr. Lyon graduated from the University of Cambridge with a master of arts degree in mathematics in 1985.

Mr. HE Zhendong, aged 45, is a senior vice president of the Company. Mr. He has served as the general manager of the Department of Power Station Business of GPEL since 2008. From 1983 to 2008, he joined Harbin Boiler Co., Ltd. (哈爾濱鍋爐廠有限公司) and served as a deputy general engineer. Mr. He graduated from Shanghai Mechanical Engineering Institute (上海機械學院) with a master's degree in thermal engineering in 1990.

COMPANY SECRETARY

Mr. CHAN Wing Bun, aged 44, is the Company Secretary of the Company. Mr. Chan has served as an executive Director and the chief financial officer of LED International Holdings Limited and a director of Derby Consulting Ltd since 2009. He has also served as a director of LehmanBrown CPA Co., Ltd (formerly known as Stephen W.B. Chan Company Limited) since 2000. Mr. Chan received an honors diploma in accounting and a bachelor's degree in business administration from Hong Kong Baptist College in 1988 and 1992, respectively. He received his master's degree in business administration from the University of South Australia in 1995 and an LLM degree from Renmin University of China in 2009. Mr. Chan is a member of the Hong Kong Institute of Certified Public Accountants and an associate of the Institute of Chartered Accountants in England and Wales. He is also a fellow of the Association of Chartered Certified Accountants.

DIRECTORS' REPORT

The Directors of the Company is pleased to present the Directors' report and the audited financial statements of the Group for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the Group is principally engaged in production and sale of heat transfer products, wind turbine towers and the services of waste heat power generation.

Details of the principal activities of the subsidiaries of the Company are set out in note 37 to the consolidated financial statements.

OPERATION RESULTS

The operation results of the Group for the year ended 31 December 2009 are set out in the consolidated income statement on page 39 of the annual report.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has recommended payment of a final dividend of HK2.17 cents per share for the year ended 31 December 2009 to be paid on around 8 July 2010 to shareholders whose names appear on the register of members of the Company on 8 June 2010 subject to shareholders' approval. The register of members of the Company will be closed from Friday, 4 June 2010 to Tuesday, 8 June 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 3 June 2010.

RESERVES

Movements in the reserves of the Company and the Group for the year ended 31 December 2009 are set out on page 43 of the annual report.

DISTRIBUTABLE RESERVE

The distributable reserve of the Company as at 31 December 2009 was approximately RMB499.1 million (2008: RMB190.1 million).

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group for the year ended 31 December 2009 are set out in note 17 to the consolidated financial statements.

On 31 August 2009, the Group's properties were valued at approximately RMB169.0 million, and the details are disclosed in the section of property valuation in the Prospectus. The additional depreciation will be approximately RMB489,000 for the year ended 31 December 2009 that would be charged against the income statement had those properties, been stated at such valuation.

SHARE CAPITAL

Details of the registered and issued share capital of the Company are set out in note 30 to the consolidated financial statements.

MATERIAL ACQUISITION AND DISPOSAL

The Group did not engage in any material acquisition or disposal of its subsidiaries or associated Companies in 2009.

PURCHASE, REDEMPTION OR SALE OF LISTED SHARES OF THE COMPANY

Save for the issue of a total of 345,000,000 Shares to public investors pursuant to the global offering in November 2009, as at 31 December 2009, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 19 October 2009 pursuant to the written resolutions of all shareholders of the Company. As at 31 December 2009, no option has been granted under the Share Option Scheme by the Company. A summary of the principal terms of the Share Option Scheme is set out below.

Purpose of the Share Option Scheme

To recognize and acknowledge eligible participants who have contributed to the Group and to motivate the eligible participants to optimize their performance efficiency for the benefit of the Group and to attract and retain or otherwise maintain on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group.

Participants of the Share Option Scheme

Any Directors (including non-executive Directors and independent non-executive Directors) and any full-time or part-time employees, executives or officers of the Group and any advisors, consultants, suppliers, customers and agents to the Group and such other persons who in the sole opinion of the Board will contribute or have contributed to the Group.

Total number of shares available for issue under the Share Option Scheme and percentage of issued share capital as at 31 December 2009

120,000,000 shares (9.67%)

Maximum entitlement of each participant under the Share Option Scheme

In any 12-month period, in aggregate not exceed 1% of the issued share capital and any further grant of options in excess of this 1% limit shall be subject to the issue of a circular by the Company containing details of such issue such as the identity of the eligible participant and the numbers and terms of the options to be granted and the approval of shareholders of the Company in general meeting and/or other requirements prescribed under the Listing Rules, with such eligible participant and his associates abstaining from voting.

The period within which the shares must be taken up under an option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted.

The amount payable on application or acceptance of the option

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptance of the options duly signed by the grantee, together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date.

The basis of determining the exercise price

The exercise price shall be determined by the Board in its absolute discretion but in any event shall not be less than the higher of:–

(a) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day of the Stock Exchange;

(b) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and

(c) the nominal value of the Shares.

The remaining life of the scheme

Up to 19 October 2019

MAJOR SUPPLIERS AND CUSTOMERS

The purchase amount of the Group's five major suppliers and the largest supplier were approximately RMB114,000,000 and RMB34,000,000, representing approximately 39% and 12% of the total purchase amounts respectively. Besides, the revenue amount of the Group's five major customers and the largest customer were approximately RMB296,000,000 and RMB86,000,000, representing approximately 53% and 16% of the total revenue amounts respectively. All transactions between the Group and relevant suppliers and customers were carried out on normal commercial terms.

To the best knowledge of the Directors, none of the Directors and any shareholders holding over 5% of the Company's shares or their associates (within the meanings of the Listing Rules) had any interests in the above five major suppliers and/or customers for 2009.

DIRECTORS' SERVICE CONTRACTS

All Directors have entered into service contracts with the Company with a term of three years starting from the Listing Date or the date of re-election.

Under the Cayman Companies Law, at every annual general meeting of the Company no less than one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years and eligible to offer themselves for re-election.

None of the Directors or Directors intending to seek re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTOR'S REMUNERATION

For the year ended 31 December 2009, the total directors' emoluments were RMB3,807,000, details of which are disclosed at the note 13 to the consolidated financial statements. The Directors' fees and other emoluments are determined by the Board with reference to directors' duties, responsibilities and performance and the results of the Group and market rate of a director of other Hong Kong listed companies.

DIRECTORS AND THEIR TERMS

Directors in office and their terms for the year and up to the date of this report were:

Executive Directors:

Mr. Frank Ellis	Three years from 6 November 2009
Mr. Xie Zhiqing	Three years from 6 November 2009
Ms. Chen Tianyi	Three years from 6 November 2009

Non-executive Directors:

Mr. Zhu Keming	Three years from 6 November 2009

Independent non-executive Directors:

Mr. Jack Michael Biddison	Three years from 6 November 2009
Mr. Yim Kai Pung	Three years from 6 November 2009
Mr. Ling Xiang	Three years from 6 November 2009

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the balance sheet date or at any time during the year.

DIRECTORS AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE COMPANY'S ISSUED SHARES

Name	**Nature of interests**	**Number of securities held** (1)	**Approximate percentages to the equity** (%)
Frank Ellis	Beneficial owner	344,250,000	27.65
Xie Zhiqing	Controlled corporation (2)	183,566,250	14.74
Chen Tianyi	Controlled corporation (3)	147,183,750	11.82

Note:

(1) All interest in Shares are long positions.

(2) The interest disclosed represents the interest in the Company held by Union Rise International Limited ("Union Rise"), a company which is directly held and wholly-owned by Mr. Xie Zhiqing.

(3) The interest disclosed represents the interest in the Company held by Crown Max Investments Limited ("Crown Max"), a company which is directly held and wholly-owned by Ms. Chen Tianyi.

As at 31 December 2009, save for the Directors of the Company mentioned above, none of the other Directors or the chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which would be required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they were taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required to be notified to the Company and the Stock Exchange, pursuant to the Model Code contained in the Listing Rules.

DIRECTORS AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE COMPANY'S ISSUED SHARES (Continued)

During the reporting period, save as disclosed above, none of the Directors and chief executives of the Company or any of their associates had any interests in any securities of the Company or any of its associated corporations (as defined in the SFO). None of the Directors and chief executives or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right.

At no time during the reporting period was the Company or its holding companies or any of its subsidiaries a party to any arrangements to enable the Directors or chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE COMPANY'S ISSUED SHARES

As at 31 December 2009, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholder	Nature of interests	Number of shares of Interest (1)	Approximate percentage of shareholding
Substantial shareholders			
Ann Elizabeth(2)	Family	344,250,000	27.65%
Crown Max(3)	Beneficial Owner	147,183,750	11.82%
Union Rise(4)	Beneficial Owner	183,566,250	14.74%
Dai Ya Ping(4)	Family	183,566,250	14.74%
China Fund Limited(5)	Beneficial Owner	225,000,000	18.07%
Luckever Holdings Limited(5)	Interest of controlled corporation	225,000,000	18.07%
Mr. Liu Xuezhong(5)	Interest of controlled corporation	225,000,000	18.07%
Ms. Li Yuelan(5)	Interest of controlled corporation	225,000,000	18.07%

Notes:

(1) All interests in the Shares are long positions.

(2) Ann Elizabeth is the spouse of Mr. Frank Ellis. Therefore, Ann Elizabeth is deemed, or taken to be, interested in the 344,250,000 Shares which Mr. Frank Ellis is interested for the purpose of the SFO.

(3) The interest disclosed represents the interest in the Company held by Crown Max, a company which is directly held and wholly-owned by Ms. Chen Tianyi. Ms. Chen Tianyi is sole director of Crown Max.

(4) The interest disclosed represents the interest in the Company held by Union Rise, a company which is directly held and wholly-owned by Mr. Xie Zhiqing. Dai Ya Ping is the spouse of Mr. Xie Zhiqing. Therefore Dai Ya Ping is deemed, or taken to be, interested in the 183,566,250 Shares which Mr. Xie Zhiqing is interested for the purpose of the SFO. Mr. Xie Zhiqing is sole director of Union Rise.

(5) China Fund Limited is beneficially owned by Luckever Holdings Limited as to 100%. Luckever Holdings Limited is regarded as interested in 100% of the 225,000,000 Shares owned by China Fund Limited. Luckever Holdings Limited is beneficially owned by Liu Xuezhong as to 60.87% and Li Yuelan as to 39.13% respectively. Therefore, Liu Xuezhong and Li Yuelan are deemed, or taken to be, interested in the 225,000,000 Shares which Luckever Holdings Limited is interested in for the purpose of the SFO. Liu Xuezhong is also the spouse of Li Yuelan.

INTERESTS OF CONTROLLING SHAREHOLDERS IN CONTRACTS

No contracts of significance had been entered into by the Company or its subsidiaries with the controlling shareholders and their subsidiaries as at the balance sheet date or at any time during the year.

CONNECTED TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2009 are set out in notes 24 and 36 to the consolidated financial statements. The Directors of the Company (including our independent executive Directors) believe that the related party transactions set out in notes 24 and 36 to the notes to the consolidated financial statements are carried out in the ordinary course of business and on normal commercial terms.

For the purpose of the related party transactions set out in notes 24 and 36 to the notes to the consolidated financial statements, the Board of the Company confirms that, none of them constituted non-exempt continuing connected transactions under the Listing Rules.

Save as disclosed above, transactions listed in notes 24 and 36 to the notes to the consolidated financial statements do not constitute discloseable connected transactions under Chapter 14A of the Listing Rules.

MANAGEMENT CONTRACTS

As at 31 December 2009, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

PRE-EMPTION RIGHT

There is no restriction on the pre-emption right under the Cayman Laws.

PUBLIC FLOAT

Based on information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the amount of sufficient public float as required under the Listing Rules during the period between the listing date of the Company on 6 November 2009 and 31 December 2009.

AUDITOR

A resolution will be submitted to the annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as our auditor.

SUBSIDIARIES

Details of the subsidiaries of the Company are set out in note 37 to the consolidated financial statements. The Company has established the following subsidiaries during the year of this report under review:

Name of subsidiary	Place and date of incorporation	Issued and paid share capital/registered capital	Principal activities
Nice Bright Limited	BVI 15 April 2009	US$1,000	Investment holding
Greens Overseas Holdings Limited	BVI 8 May 2009	US$50,000	Investment holding
Greens Singapore (BVI) Limited	BVI 8 May 2009	US$50,000	Investment holding
Greens Marine Engineering (SG) Pte. Ltd.	Singapore 12 June 2009	S$100	Sales of marine boiler and provision of marine boilers repair services
Greens New Energy Limited	Hong Kong 18 May 2009	HK$1	Investment holding
Guang'an Guixing Thermal Power Co. Ltd. (Note)	PRC 8 May 2009	US$Nil/ US$5,000,000	Waste heat power generation
Baicheng Greens Waste-Heat Power Generation Co. Ltd.	PRC 16 June 2009	US$2,877,773/ US$5,760,000	Waste heat power generation
Tongliao Greens Wind Power Equipment Company Limited	PRC 5 August 2009	RMB39,307,777/ RMB60,000,000	Manufacturing and supply of wind turbine tower

Note: On 6 April, this company completed its de-registration.

As at 31 December 2009, the Company held the following subsidiaries in addition to the subsidiaries established in 2009 as mentioned above:

Name of subsidiary	Place of incorporation date of incorporation	Issued and fully paid-up share capital/registered capital	Principal activities
General Thermal Engineering (China) Ltd.	BVI 9 January 2003	US$1,000	Investment holding
Mega Smart Investments Limited	BVI 27 March 2008	US$1,000	Investment holding
Silver Park Holdings Limited	BVI 2 April 2008	US$100	Investment holding
Greens Thermal Equipment (BVI) Ltd.	BVI 9 April 2008	US$50,000	Investment holding
Greens Marine Engineering (BVI) Ltd.	BVI 9 April 2008	US$50,000	Investment holding
Greens Power Equipment (BVI) Ltd.	BVI 9 April 2008	US$50,000	Investment holding
Greens Energy Environmental Holdings Company Limited	BVI 14 May 2008	US$1,000	Investment holding
Port Rich International Limited	BVI 29 April 2008	US$1,000	Investment holding
Eagle Speed International Limited	BVI 3 July 2007	US$1,000	Investment holding
Greens Thermal Equipment (HK) Limited	Hong Kong 17 April 2008	HK$1	Investment holding
Greens Marine Engineering (HK) Limited	Hong Kong 17 April 2008	HK$1	Investment holding
Greens Power Equipment (HK) Limited	Hong Kong 17 April 2008	HK$1	Investment holding
Greens Energy Environmental (Baicheng) Limited	Hong Kong 21 May 2008	HK$1,000	Investment holding
Greens Energy Environmental (Pingxiang) Limited	Hong Kong 21 May 2008	HK$1,000	Investment holding
Shanghai Greens Thermal Equipment Co., Ltd.	PRC 30 April 2003	US$1,800,000	Manufacture and supply of economiser, waste heat recovery products and boiler components

Name of subsidiary	Place of incorporation date of incorporation	Issued and fully paid-up share capital/registered capital	Principal activities
Shanghai Greens Marine Engineering Co., Ltd.	PRC 30 October 2003	US$140,000	Provision of repairs and maintenance services for marine boilers
Greens Power Equipment (China) Co., Ltd.	PRC 17 January 2007	US$30,000,000	Manufacture and supply of waste heat recovery products, marine products, boiler components and economisers
Greens Power Limited	U.K. 13 December 2004	GBP491,001	International sales, engineering design and provision of after-sales services
E Green & Son Limited	U.K. 7 March 2006	GBP1,000	Dormant
Senior Green Limited	U.K. 7 March 2006	GBP1,000	Dormant
TEI Greens Limited	U.K. 7 March 2006	GBP1,000	Dormant
Greens Economisers Limited	U.K. 7 March 2006	GBP1,000	Dormant

BANK BORROWINGS

Details of the bank borrowings of the Group are set out in note 28 to the consolidated financial statements.

During the year under review, the bank borrowing of the Group denominated in Euro currency was €565,000 (equivalent to RMB5,729,000) representing approximately 1.5% of total bank borrowing and denominated in Reminbi was RMB375,000,000 representing approximately 98.5% of total bank borrowing.

TAXATION

Details of the taxation of the Group are set out in note 11 to the consolidated financial statements.

There are no concessionary taxation measures granted by government to shareholders of the Company by reason of their holding of the listed shares of the company.

MATERIAL LITIGATIONS AND ARBITRATIONS

During the reporting period, the Group had no material litigations and arbitrations.

EVENTS AFTER THE REPORT PERIOD

On 14 January 2010, Greens New Energy Limited, a wholly-owned subsidiary of the Company and which held 60% interest in Tongliao Greens entered into (i) an equity transfer agreement in respect of the purchase of the remaining 40% equity interest in Tongliao Greens from Tongliao Boiler for a consideration of RMB3,300,000; and (ii) a termination agreement to terminate the joint venture agreement of Tongliao Greens dated 5 June 2009. Upon completion of equity transfer agreement and the termination agreement in January 2010, Tongliao Greens became a wholly-owned subsidiary of the Group.

By order of the Board
Frank Ellis
Chairman

Hong Kong, 23 April 2010

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance of corporate governance practice to the success of a listed company. The Company is committed to achieving high standard of corporate governance in the interest of the shareholders of the Company.

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 from the date of Listing to 31 December 2009 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors and the staff. Having made specific enquiries of all directors by the Company, all directors have confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 December 2009.

COMPOSITION AND PRACTICES OF THE BOARD

The Board of the Company collectively take responsibility to all the shareholders in respect of managing and supervising the business of the Group so as to enhance value for our shareholders.

The Board of the Company comprises seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors. The Board held 10 meetings for the year ended 31 December 2009. The attendance of the Directors at Board meetings during the year is as follows:

	Attendance during the year
Mr. Frank Ellis (Chairman)	10/10
Mr. Xie Zhiqing (Executive Director)	10/10
Ms. Chen Tianyi (Executive Director)	10/10
Mr. Zhu Keming (Non-Executive Director)	10/10
Mr. Jack Michael Biddison (Independent Non-Executive Director)	2/10
Mr. Yim Kai Pung (Independent Non-Executive Director)	2/10
Mr. Ling Xiang (Independent Non-Executive Director)	2/10

The three independent non-executive directors were all appointed on 19 October 2009. The attendance rate after the appointment was 100%.

COMPOSITION AND PRACTICES OF THE BOARD (Continued)

The Board is responsible for the management and control of the Company as well as supervision of the business, decision and performance of the Group. The Board has respectively granted and delegated the power and responsibility to the management for the management of the daily operations of the Group. The Directors have also specifically granted the management the general authorization to handle major corporate matters, including the preparation of interim reports, annual reports and announcements for the approval by the Board before publishing, execution of business strategies and measures adopted by the Board, implementation of proper internal control and risk management procedures and compliance with relevant statutory and regulatory requirements, rules and laws.

There is no financial, business, family or other major/related relationships among the members of the Board.

Pursuant to Rule 3.13 of the Listing Rules, each of the independent non-executive Directors has confirmed his independence to the Company. Therefore, the Company considers that all independent non-executive Directors are independent parties. The Company has also complied with the requirements in respect of independent non-executive directors under the Rule 3.10 of the Listing Rules.

To encourage every Director's active participation in the management decision-making process and the effective contribution to the Board. The Company has purchased appropriate liability insurance for every Director.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Frank Ellis is the Chairman and Chief Executive Officer of the Company. He is responsible for formulating the overall strategies and policies of the Company for the smooth operation and performance of duties of the Board. The Board believes that appointing the same person as the Chairman and the Chief Executive Officer, particularly in view of the expertise, experience, leadership and a long history and record of service in the relevant industry of Mr. Frank Ellis, is favorable to the development and management of the business of the Group and the Board believes that it enables the Company to formulate and implement decisions in a rapid and efficient manner.

NON-EXECUTIVE DIRECTORS

The non-executive Director of the Company has entered into a service contract for a term of three years provided that the non-executive Director shall be subject to retirement by rotation at least once every three years and eligible to offer themselves for re-election and in any event, subject to earlier determination in accordance with the Articles of Association of the Company and/or applicable laws and regulations.

REMUNERATION COMMITTEE

The Company established the remuneration committee on 19 October 2009. The remuneration committee comprises Mr. Jack Michael Biddison, Mr. Yim Kai Pung and Mr. Frank Ellis, among which two of them are independent non-executive Directors. Mr. Jack Michael Biddison is the chairman of the remuneration committee.

The primary duties of the remuneration committee are to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and determine the specific remuneration packages of all executive Directors and senior management. The Directors' fees and other emoluments shall be determined by the Board with reference to directors' duties, responsibilities and performance and the results of the Group and market rate of a director of other Hong Kong listed companies. The remuneration committee shall consider various factors, such as the fee payable by the comparable companies, the time devoted, the experience and the duties of the directors, other terms of appointment offered by the Group and whether the remuneration shall be determined by performance.

REMUNERATION COMMITTEE (Continued)

Since the Company was listed on 6 November 2009, the remuneration committee held only one meeting for the period up to the date of this report. The attendance of the members of the remuneration committee at the meetings is as follows:

Member	Attendance
Mr. Jack Michael Biddison	0/1
Mr. Yim Kai Pung	1/1
Mr. Frank Ellis	1/1

As the Company was only listed in November 2009, the remuneration committee did not hold any meeting in 2009.

NOMINATION COMMITTEE

The nomination committee of the Company is empowered to nominate, consider and make recommendations to the Board on the appointment of Directors, with the aim of appointing proper individuals with relevant professional expertise and experience into the Board to enhance the constitution of a strong and diverse Board and to contribute to the functioning of the Board through their continuous participation.

The Company established the nomination committee on 19 October 2009 with written terms of reference in compliance with the Code. The primary duties of the nomination committee include but not limited to reviewing the Board structure, size and composition, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment of Directors. The nomination committee comprises one executive Director, namely Ms. Chen Tianyi, and two independent non-executive Directors, namely Mr. Ling Xiang and Mr. Yim Kai Pung. Mr. Ling Xiang is the chairman of the nomination committee.

The Company has not appointed any new Director during the period from the establishment date of the nomination committee to 31 December 2009.

Since the Company was listed on 6 November 2009, the nomination committee held only one meeting for the period up to the date of this report. The attendance of the members of the nomination committee at the meeting is as follows:

Member	Attendance
Mr. Ling Xiang	1/1
Mr. Yim Kai Pung	1/1
Ms. Chen Tianyi	1/1

As the Company was only listed in November 2009, the nomination committee did not hold any meeting in 2009.

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 of the Company.

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.

Since the Company was listed on 6 November 2009, the audit committee held only one meeting as the date of this report to review the 2009 results report of the Group and review and approve relevant accounting policy and related process of internal control. The attendance of Directors at the meeting is as follows:

Member	**Attendance**
Mr. Yim Kai Pung	1/1
Mr. Jack Michael Biddison	0/1
Mr. Ling Xiang	1/1

As the Company was only listed in November 2009, the audit committee did not hold any meeting during the period in 2009.

REMUNERATION OF AUDITOR

For the year ended 31 December 2009, the Group is required to pay approximately RMB1,486,000 to our external auditor for the audit services and paid approximately RMB2,733,000 (reporting accountant's fee included) for other non-audit service fees.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORTS

All Directors of the Company acknowledge their responsibility for the preparation of the financial reports of the Group. They also ensure the preparation is in compliance with the relevant laws, regulations and accounting principles and its publication are made in due course.

Reporting responsibility statement with respect to the financial reports of the Group made by the auditor of the Company is set out in the Independent Auditor's Report on pages 37.

INTERNAL CONTROL

The Board takes full responsibility to maintain a sound and efficient internal control system for the Group to protect the shareholders' investment and the Group's assets, which is in the interests of the shareholders.

For the year 2009, the Company has conducted comprehensive internal control over the Group, including:

(1) Environment of Control

We ensured that an active and devoted Board, effective human resource policies and a well-established organisational structure and management system are in place in the Company, laying a solid foundation to create an environment of control of the Group.

(2) Risk Assessment

We fully analysed business risks, financial risks, non-compliance risks and operation and other risks in the course of our operation, based on the development strategies and corporate goals of the Group. We appointed an independent consultant to conduct in depth review on concerned areas of risks exposure. The Company has actively responded to the opinions of the independent consultant with follow-up work.

(3) Control Activities

The Company implemented various policies and procedures, including the formulation of appropriate management process, regular review on transaction data, undertaking physical controls and segregation of duties among staff. The Company has continuously assessed its performance to ensure the effective running of the internal control system.

(4) Financial Management Mechanism

We have reviewed the financial structure, management reports, disclosure procedures and the preparation of budget of the Group to effectively understand and monitor the financial and trading conditions of the Group.

(5) Compliance Control

The Company has set up an internal procedure of information disclosure and has designated personnel to be responsible for the compliance with the Listing Rules. Meanwhile, the Company also engages external professional advisors to provide sustainable and professional services to the Company.

In 2009, the Board have reviewed the internal control system of the Group. Such review covered all critical aspects of the control, including financial control, operational control, compliance control and risk management functions. The Board confirmed that existing internal control system was efficient.

Deloitte.
德勤

TO THE MEMBERS OF GREENS HOLDINGS LTD
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Greens Holdings Ltd (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 95, which comprise the consolidated statement of financial position as at 31 December 2009, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and the true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2009 and of the Group's financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

23 April 2010

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
Revenue	8	**555,440**	431,073
Cost of sales/services		**(375,644)**	(321,397)
Gross profit		**179,796**	109,676
Selling and distribution expenses		**(14,781)**	(6,708)
Administrative expenses		**(81,237)**	(31,501)
Other income and other gains and losses	9	**14,443**	2,511
Finance costs	10	**(12,130)**	(1,939)
Profit before tax		**86,091**	72,039
Income tax expense	11	**(17,774)**	(11,984)
Profit for the year	12	**68,317**	60,055
Profit for the year attributable to owners of the Company		**68,317**	60,055
Earnings per share—Basic	16	**RMB0.072**	RMB0.078

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	2009 RMB'000	2008 RMB'000
Profit for the year	**68,317**	60,055
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**3,049**	(8,115)
Total comprehensive income for the year	**71,366**	51,940
Total comprehensive income for the year attributable to owners of the Company	**71,366**	51,940

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	2009 RMB'000	2008 RMB'000
Non-current assets			
Property, plant and equipment	17	**222,128**	136,190
Intangible assets	18	**171,536**	145,192
Prepaid lease payments	19	**59,627**	36,255
Deposit paid for acquisition of property, plant and equipment		**20,591**	2,634
Deposits paid for construction of infrastructure in service concession arrangement		**–**	17,634
Deferred tax assets	20	**1,108**	341
		474,690	338,246
Current assets			
Inventories	21	**43,518**	49,590
Amounts due from customers for contract work	22	**68,352**	29,293
Trade and other receivables	23	**368,655**	308,623
Prepaid lease payments	19	**953**	527
Amounts due from shareholders	24	**2,490**	110
Pledged bank deposits	25	**22,916**	10,307
Bank balances and cash	25	**509,796**	80,279
		1,016,680	478,729
Current liabilities			
Trade and other payables	26	**233,764**	182,916
Amounts due to customers for contract work	22	**9,746**	54,784
Amounts due to shareholders	27	**–**	15,302
Tax liabilities		**18,491**	17,367
Bank borrowings	28	**260,729**	72,000
Bank overdrafts	28	**–**	789
		522,730	343,158
Net current assets		**493,950**	135,571
Total assets less current liabilities		**968,940**	473,817

	Notes	2009 RMB'000	2008 RMB'000
Capital and reserves			
Share capital	30	**85,004**	136
Share premium and reserves		**721,861**	454,103
Equity attributable to owners of the Company		**806,865**	454,239
Minority interests		**3,300**	—
Total equity		**810,165**	454,239
Non-current liabilities			
Deferred tax liabilities	20	**19,775**	19,578
Bank borrowings	28	**120,000**	—
Deferred income	29	**19,000**	—
		158,775	19,578
		968,940	473,817

The consolidated financial statements on pages 39 to 95 were approved and authorised for issue by the Board of Directors on 23 April 2010 and are signed on its behalf by:

Frank Ellis
DIRECTOR

Chen Tianyi
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Translation reserve RMB'000	Statutory surplus reserve RMB'000 (note iii)	Retained profits RMB'000	Total RMB'000	Minority interests RMB'000	Total RMB'000
At 1 January 2008	14,933	—	—	—	10,253	57,298	82,484	—	82,484
Exchange differences arising on translation of foreign operations	—	—	—	(8,115)	—	—	(8,115)	—	(8,115)
Profit for the year	—	—	—	—	—	60,055	60,055	—	60,055
Total comprehensive income for the year	—	—	—	(8,115)	—	60,055	51,940	—	51,940
Deemed distribution arising from Group Reorganisation (note i)	(14,831)	—	8,386	—	—	—	(6,445)	—	(6,445)
Issue of new shares	34	196,677	—	—	—	—	196,711	—	196,711
Discount arising from acquisition of Mega Smart and its subsidiaries (note ii)	—	—	129,549	—	—	—	129,549	—	129,549
Appropriation of statutory surplus reserve	—	—	—	—	2,984	(2,984)	—	—	—
At 31 December 2008	136	196,677	137,935	(8,115)	13,237	114,369	454,239	—	454,239
Exchange differences arising on translation of foreign operations	—	—	—	3,049	—	—	3,049	—	3,049
Profit for the year	—	—	—	—	—	68,317	68,317	—	68,317
Total comprehensive income for the year	—	—	—	3,049	—	68,317	71,366	—	71,366
Dividends recognised as distribution (note 15)	—	(49,797)	—	—	—	(106,003)	(155,800)	—	(155,800)
Capitalisation issue of new shares (note 30 (v))	61,313	(61,313)	—	—	—	—	—	—	—
Issue of new shares	23,555	468,837	—	—	—	—	492,392	—	492,392
Transaction costs attributable to issue of new shares	—	(55,332)	—	—	—	—	(55,332)	—	(55,332)
Capital contribution from the minority shareholder of a subsidiary	—	—	—	—	—	—	—	3,300	3,300
Appropriation of statutory surplus reserve	—	—	—	—	8,134	(8,134)	—	—	—
At 31 December 2009	85,004	499,072	137,935	(5,066)	21,371	68,549	806,865	3,300	810,165

Notes:

(i) As part of the Group Reorganisation set out in note 2, the Company acquired 100% interest in Shanghai Greens Thermal Equipment Co., Ltd. ("SGTE") on 21 July 2008 and became the holding company of the Group. The amount payable by the Company to its then shareholders for the acquisition of the interest in SGTE is regarded as a deemed distribution to shareholders since the consolidated financial statements have been prepared as if the Company had always been the holding company of SGTE.

(ii) As part of the Group Reorganisation, the Company acquired 100% equity interest in Mega Smart Investments Limited ("Mega Smart") and its subsidiaries (hereinafter collectively referred to as the "the Mega Smart Group") from Mr. Frank Ellis, a substantial shareholder of the Company, on 22 July 2008. The discount arising from the acquisition amounting to RMB129,549,000 was deemed as a contribution from the shareholders and credited to special reserve (see note 31).

(iii) As stipulated by the relevant laws and regulations for foreign investment enterprises in the People's Republic of China (the "PRC"), the PRC subsidiaries are required to transfer at least 10% of their net profit after taxation, as determined under the PRC accounting regulations, to a statutory surplus reserve until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before the distribution of a dividend to equity owners. The statutory surplus reserve fund can be used to make up for prior years' losses, if any, and can be converted into capital by means of capitalisation issue. The statutory surplus reserve is non-distributable other than upon liquidation.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2009

	2009 RMB'000	2008 RMB'000
Operating activities		
Profit before tax	**86,091**	72,039
Adjustments for:		
Finance costs	**12,130**	1,939
Interest income	**(3,271)**	(1,902)
Profit on construction under service concession arrangement	**(2,938)**	(5,606)
Reversal of impairment loss of proceeds receivables on disposal of available-for-sale investment	**(5,000)**	—
Release of investment-related deferred income	**(1,480)**	—
Loss on disposal of property, plant and equipment	**—**	25
Amortisation of intangible assets	**16,475**	1,368
Release of prepaid lease payments	**609**	222
Depreciation of property, plant and equipment	**14,678**	5,074
Allowance for bad and doubtful debts	**1,780**	1,748
Operating cash flows before movements in working capital	**119,074**	74,907
Decrease in inventories	**6,072**	3,887
Increase in trade and other receivables	**(42,000)**	(115,992)
(Increase) decrease in amounts due from customers for contract work	**(39,059)**	6,398
Decrease in amounts due from related parties	**—**	(10,310)
Increase in trade and other payables	**64,942**	8,406
(Decrease) increase in amounts due to customers for contract work	**(45,038)**	911
Increase in amounts due to related parties	**—**	31,379
Cash generated from operations	**63,991**	(414)
Income taxes paid	**(17,220)**	(9,202)
Net cash from (used in) operating activities	**46,771**	(9,616)

	Note	2009 RMB'000	2008 RMB'000
Investing activities			
Interest received		**2,334**	499
Acquisition of the Mega Smart Group	31	**—**	30,113
Proceeds on disposal of available-for-sale investment		**2,125**	—
Payments for acquisition of property, plant and equipment		**(118,632)**	(27,893)
Payments for acquisition of intangible assets		**(11)**	—
Payments for prepaid lease payments		**(8,407)**	(3,000)
Payments for construction of infrastructure in service concession arrangement		**(48,587)**	(47,776)
Advance to related parties		**—**	(107,201)
Advance to shareholders		**(2,380)**	(110)
Investment-related government subsidies received		**4,480**	—
Increase in pledged bank deposits		**(12,609)**	(5,630)
Net cash used in investing activities		**(181,687)**	(160,998)
Financing activities			
Dividends paid		**(155,800)**	—
New bank borrowings raised		**400,729**	82,000
Repayment of bank borrowings		**(92,000)**	(70,000)
Interest paid		**(15,546)**	(4,487)
Proceeds from issue of shares/capital injection		**492,392**	196,711
Payments of transaction costs attributable to issue of new shares		**(55,332)**	—
(Repayment to) advance from shareholders		**(15,302)**	15,302
Deemed distribution to shareholders		**—**	(6,445)
Advance from related parties		**—**	4,957
Capital contribution from the minority shareholder of a subsidiary		**3,300**	—
Net cash from financing activities		**562,441**	218,038
Net increase in cash and cash equivalents		**427,525**	47,424
Cash and cash equivalents at beginning of the year		**79,490**	39,508
Effect of foreign exchange rate changes		**2,781**	(7,442)
Cash and cash equivalents at the end of the year, represented by			
Bank balances and cash		**509,796**	80,279
Bank overdrafts		**—**	(789)
		509,796	79,490

1. GENERAL

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 "Stock Exchange") since 6 November 2009. The addresses of the registered office and principal place of business of the Company are disclosed in the introduction to the annual report.

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, waste heat power generation, and the manufacture and supply of wind turbine towers. The details of the Company's subsidiaries are set out in note 37.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company, i.e. the currency of the primary economic environment in which the Company and the majority of the group entities operate.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

SGTE was established on 30 April 2003 and was jointly owned by Greens Power Limited ("Greens UK"), which was solely owned by Mr. Frank Ellis, and General Thermal Engineering (China) Ltd. ("GTE"), which was owned by Ms. Chen Tianyi and Mr. Xie Zhiqing, prior to the Group Reorganisation (as defined below).

On 27 February 2008, Mr. Frank Ellis and GTE jointly set up the Company. Pursuant to a series of reorganisation steps undertaken to rationalize its corporate structure in anticipation of the listing of its shares on the Stock Exchange (the "Group Reorganisation"), the Company acquired the 100% equity interest in SGTE and became the holding company of SGTE on 21 July 2008. On 22 July 2008, the Company acquired 100% equity interest in the Mega Smart Group from Mr. Frank Ellis, a substantial shareholder of the Company. The details of the Group Reorganisation were set out in the prospectus issued by the Company dated 23 October 2009.

The Group resulting from the Group Reorganisation continued to be jointly owned by Mr. Frank Ellis, Ms. Chen Tianyi and Mr. Xie Zhiqing and therefore is regarded as a continuing entity. Accordingly, the consolidated financial statements of the Group have been prepared as if the Company had always been the holding company of SGTE. The consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year ended 31 December 2008 have been prepared as if the current group structure had been in existence throughout the year ended 31 December 2008, or since the respective dates of incorporation/establishment of the relevant companies now comprising the Group where this is a shorter period, except for the Mega Smart Group of which the results, changes in equity and cash flows have been consolidated since 22 July 2008.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The Group has adopted International Accounting Standards ("IASs"), International Financial Reporting Standards ("IFRSs"), Amendments and the related Interpretations ("IFRICs"), which are effective for the accounting period beginning on 1 January 2009.

The Group has not early applied the following new and revised Standards, Amendments, or Interpretations that have been issued but are not yet effective:

IFRSs (Amendments)	Amendment to IFRS 5 as part of Improvements to IFRSs 2008[1]
IFRSs (Amendments)	Improvements to IFRSs 2009[2]
IAS 24 (Revised)	Related Party Disclosures[6]
IAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
IAS 32 (Amendment)	Classification of Right Issues[4]
IAS 39 (Amendment)	Eligible Hedged Items[1]
IFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
IFRS 1 (Amendment)	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters[5]
IFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
IFRS 3 (Revised)	Business Combinations[1]
IFRS 9	Financial Instruments[7]
IFRIC 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
IFRIC 17	Distributions of Non-cash Assets to Owners[1]
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments[5]

1 Effective for annual periods beginning on or after 1 July 2009
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2010
4 Effective for annual periods beginning on or after 1 February 2010
5 Effective for annual periods beginning on or after 1 July 2010
6 Effective for annual periods beginning on or after 1 January 2011
7 Effective for annual periods beginning on or after 1 January 2013

The application of IFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. IAS 27 (Revised) will affect the Group's accounting treatment for changes in the Group's ownership interest in a subsidiary.

The directors of the Company anticipate that the application of the above and other new and revised Standards, Amendments, and Interpretations will have no material impact on the consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, and in accordance with the accounting policies set out below which are in conformity with IFRSs.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All significant intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority shareholder's share of changes in equity since the date of the combination. Losses applicable to the minority shareholder in excess of the minority shareholder's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority shareholder has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, and liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from sale of goods is recognised when the goods are delivered and title has passed.

Service income including that from operating services provided under service concession arrangements is recognised when services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Construction contracts

Where the outcome of a construction contract including construction or upgrade services of the infrastructure under a service concession arrangement can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When a contract covers a number of assets, the construction of each asset is treated as a separate contract when separate proposals have been submitted for each asset, each asset has been separately negotiated and the costs and revenues of each asset can be separately identified. A group of contracts, performed concurrently or in a continuous sequence, is treated as a single construction contract when the contracts were negotiated as a single package and they are so closely inter-related that they constitute a single project with an overall profit margin.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as Lessee

Operating leases payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

Prepaid lease payments

The up-front payments to acquire leasehold interest in land are accounted for as operating leases and are stated at cost and released over the lease term on a straight-line basis.

Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants related to depreciable assets are recognised as deferred income in the consolidated financial statement of financial position and transferred to profit or loss over the useful lives of the related assets. Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment other than construction in progress over their estimated useful lives, and after taking into account of their estimated residual value, using the straight-line method.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Retirement benefit costs

Payments to defined contribution retirement benefit plans/state-managed retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profit against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Service concession arrangements

When the Group has a right to charge for usage of concession infrastructure (as a consideration for providing construction service in a service concession arrangement), it recognises an intangible asset at fair value upon initial recognition. The intangible asset is carried at cost (which equals to fair value at initial recognition) less accumulated amortisation and any accumulated impairment losses. Amortisation commences when the intangible asset is available for use.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses on non-current assets

At the end of each reporting period, the Group reviews the carrying amounts of non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. In addition, intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss ("FVTPL") and loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at fair value through profit or loss

Financial assets at FVTPL of the Group include derivatives that are not designated and effective as a hedging instrument.

Financial assets at FVTPL including derivatives not for hedging are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from shareholders, pledged bank deposits, and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, and increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in carrying amount of the allowance account are recognised in profit or loss. When a trade receivable or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at FVTPL and other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL of the Group include derivatives that are not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities.

Other financial liabilities

Other financial liabilities (including trade and other payables, amounts due to shareholders, bank overdrafts and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the management of the Group is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue recognition on construction contracts

The Group uses the stage of completion method to account for its contract revenue from construction contracts where it is probable that contract costs are recoverable. The stage of completion is measured in accordance with the accounting policy stated in note 4.

Significant judgment is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and contract cost and the recoverability of the contract costs. In making the judgment, the Group evaluates by relying on past experience and the work of the project management team. Revenue from construction contracts is disclosed in note 8. The stage of completion of each construction contract is assessed on a cumulative basis in each accounting period. Changes in estimates of contract revenue or contract costs, or changes in the estimated outcome of a contract could impact the amounts of revenue and expenses recognised in the consolidated income statement in the period in which the change is made and in subsequent periods. Such impact could potentially be significant.

Estimated impairment of intangible assets

If there is any indication of impairment, determining the extent to which intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which they have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

At 31 December 2009, the directors of the Company are satisfied that there is no indication that the intangible assets have suffered any impairment loss. As at 31 December 2009, the carrying amounts of the intangible assets of the Group is RMB171,536,000 (31 December 2008: RMB145,192,000).

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Estimated impairment of trade receivables

When there is objective evidence of impairment of trade receivables, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2009, the carrying amount of trade receivables is RMB300,596,000 (net of allowance for doubtful debts of RMB3,528,000) (31 December 2008: 275,866,000, net of allowance for doubtful debts of RMB1,748,000).

6. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debt, which includes bank borrowings disclosed in note 28, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The directors of the Group review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure 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.

(b) Categories of financial instruments

	2009 **RMB'000**	2008 RMB'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**893,064**	388,149
Financial liabilities		
Amortised cost	**610,356**	266,330

6. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(c) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, pledged bank deposits, bank balances and cash, trade and other payables, amounts due from/to shareholders and bank borrowings. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose them primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Market risk exposures are measured by sensitivity analysis. There has been no change to the Group's exposure to financial risks or the manner in which they manage and measure the risk in the reporting period. Details of each type of market risks are described as follows:

(i) Currency risk

Certain sales and purchases of the Group are denominated in United States Dollars ("US$") and Euro ("EUR"), which are currencies other than the functional currency of the relevant group entities and expose the Group to foreign currency risk. Certain monetary assets and liabilities of the Group are denominated in US$, EUR, Hong Kong Dollars ("HK$") and British Pound Sterling ("GBP") as well.

The carrying amounts of the Group's major foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	2009	2008	**2009**	2008
	RMB'000	RMB'000	**RMB'000**	RMB'000
US$	**3,317**	15,765	**81,536**	46,401
EUR	**6,343**	2,088	**31,949**	27,032
HK$	**89**	—	**363,167**	21,755
GBP	**—**	—	**1,569**	—
	9,749	17,853	**478,221**	95,188

The Group had entered into certain foreign exchange forward contracts to mitigate its foreign currency exposure. The particulars of the outstanding foreign exchange forward contracts as at the end of the reporting period are disclosed in note 32.

6. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(c) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2008: 5%) change in RMB against US$, EUR, HK$ and GBP and a 5% (2008: 5%) change in GBP against US$ and EUR. 5% (2008: 5%) represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes (i) outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2008: 5%) change in foreign currency rates; and (ii) outstanding foreign currency forward contracts and adjusts at the end of the reporting period for a 5% (2008: 5%) change in foreign currency rates. A positive number below indicates an increase in post-tax profit where RMB or GBP strengthen 5% (2008: 5%) against the relevant currencies, whereas a negative number indicates a decrease in post-tax profit. For a 5% (2008: 5%) weakening of RMB or GBP against the relevant currencies, there would be an equal and opposite impact on the post-tax profit.

	2009 **RMB'000**	2008 RMB'000
If RMB strengthens against US$	**(1,391)**	51
If RMB strengthens against EUR	**(85)**	—
If RMB strengthens against HK$	**(14,414)**	(937)
If RMB strengthens against GBP	**(62)**	619
If GBP strengthens against US$	**(695)**	(1,280)
If GBP strengthens against EUR	**(1,139)**	(486)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank balances and bank borrowings (see notes 25 and 28).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances, pledged bank deposits, amounts due from shareholders and variable-rate bank borrowings (see notes 24, 25 and 28).

The Group currently has not entered into interest rate swap to hedge against their exposure to changes in fair values or changes in cash flows of bank balances, pledged bank deposits, amounts due from shareholders or bank borrowings. The management closely monitors such risks and will consider hedging significant interest rate risk exposure should the need arise. The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

6. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(c) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate financial instruments (including bank balances, pledged bank deposits and bank borrowings) at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 10 basis-point (2008: 10 basis-point) increase or decrease in interest rates on variable-rate bank balances and a 50 basis-point (2008: 50 basis-point) increase or decrease in interest rates on variable-rate bank borrowings represent management's assessment of the reasonably possible change in interest rates.

If interest rates on variable-rate bank balances, pledged bank deposits and amounts due from shareholders had been 10 basis points higher/lower and all other variables were held constant, the Group's post-tax profit would have increased/decreased approximately by RMB389,000 (2008: increased/decreased approximately by RMB195,000). If interest rates on variable-rate bank borrowings had been 50 basis-point higher/lower and all other variables were held constant, the Group's post-tax profit would have decreased/increased approximately by RMB476,000 (2008: nil).

Credit risk

As at 31 December 2009, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Although the bank balances are concentrated on certain counterparties, the credit risk on liquid funds is limited because the majority of the counterparties are state-owned banks in the PRC and other banks with good reputation.

The Group has concentration of credit risk on the Group's trade and bill receivables. The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 79% (31 December 2008: 65%) of the total trade and bill receivables as at 31 December 2009. As at 31 December 2009, the five largest customers accounted for approximately 70% (31 December 2008: 70%) of the total trade and bill receivables of the Group. In order to minimise the credit risk, management continuously monitors the level of exposure to ensure that follow-up actions and/or corrective actions are taken promptly to lower the risk exposure or to recover overdue balances. In these regards, the directors of the Company consider that the credit risk of the Group has been significantly reduced.

6. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(c) Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

As at 31 December 2009, the Group has available unutilised banking facilities of RMB22,200,000 (31 December 2008: RMB18,000,000).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from the interest rate curve at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

6. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(c) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables

	Weighted average interest rate %	On demand or less than three months RMB'000	Three months to one year RMB'000	Over one year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
2009						
Non-derivative financial liabilities						
Trade and other payables	**–**	**229,627**	**–**	**–**	**229,627**	**229,627**
Bank borrowings	**5.46**	**109,087**	**162,857**	**138,432**	**410,376**	**380,729**
		338,714	**162,857**	**138,432**	**640,003**	**610,356**
Derivatives — gross settlement						
Foreign exchange forward contracts						
— inflow		**–**	**(5,285)**	**–**	**(5,285)**	**N/A**
— outflow		**–**	**5,729**	**–**	**5,729**	**N/A**
		–	**444**	**–**	**444**	**–**
2008						
Non-derivative financial liabilities						
Trade and other payables	–	178,239	–	–	178,239	178,239
Amounts due to shareholders	–	15,302	–	–	15,302	15,302
Bank borrowings	6.24	28,740	45,990	–	74,730	72,789
		222,281	45,990	–	268,271	266,330
Derivatives — gross settlement						
Foreign exchange forward contracts						
— inflow		(11,335)	–	–	(11,335)	N/A
— outflow		11,768	–	–	11,768	N/A
		433	–	–	433	–

No liquidity analysis is presented for derivatives with net settlement as at 31 December 2009 and 31 December 2008 as the net amount upon settlement is insignificant.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

6. CAPITAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

(d) Fair value

The fair value of foreign exchange forward contracts is estimated using quoted prices in active markets for identical assets or liabilities (under level II of the three-level fair value hierarchy).

The fair value of the Group's other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

7. SEGMENT INFORMATION

Products and services within each operating segment

The chief operating decision maker of the Group has been identified as the executive directors. For management purposes, the Group is organised into seven reportable segments — economisers, waste heat recovery products, boiler components, marine products, waste heat power generation, wind turbine towers and services and repairs. These operating segments form the basis on which the Group's executive directors make decision about resource allocation and performance assessment. The principal products and services of each of these segments are as follows:

— Economisers	key heat transfer equipment typically installed in boiler systems for power plants
— Waste heat recovery products	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
— Boiler components	air-preheaters, superheaters, and other components such as power station steel structures and finned tubes
— Marine products	packaged marine boiler products generally categorised into fired boilers and other marine boilers
— Waste heat power generation	construction and operation of waste heat power generation facilities
— Wind turbine towers	tubular steel structure which holds the nacelle that includes the generator (started in the current year)
— Services and repairs	boiler conversions, upgrades, general maintenance services on marine or land boilers, installations, testing and repairs

7. SEGMENT INFORMATION (Continued)

Segment revenue and segment results

The following is an analysis of the Group's revenue and results by operating segment:

	Segment revenue		Segment results	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
Economisers	**211,284**	180,212	**82,937**	48,071
Waste heat recovery products	**133,179**	106,409	**48,372**	39,478
Boiler components	**105,972**	39,188	**41,748**	6,815
Marine products	**14,426**	15,852	**3,414**	4,563
Waste heat power generation	**54,087**	80,674	**(1,348)**	5,606
Wind turbine towers	**—**	—	**—**	—
Services and repairs	**36,492**	8,738	**4,673**	5,143
	555,440	431,073	**179,796**	109,676
Unallocated income and other gains and losses			**14,443**	2,511
Unallocated expenses			**(96,018)**	(38,209)
Finance costs			**(12,130)**	(1,939)
Profit before tax			**86,091**	72,039
Income tax expense			**(17,774)**	(11,984)
Profit for the year			**68,317**	60,055

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales for both years.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 4. Segment results represent the results of each operating segment, excluding selling and distribution expenses, administrative expenses, other income and other gains and losses, finance costs and income tax expense.

7. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

Segment assets

	2009 RMB'000	2008 RMB'000
Economisers	**199,284**	162,572
Waste heat recovery products	**102,936**	65,688
Boiler components	**57,672**	50,967
Marine products	**1,182**	20,175
Waste heat power generation	**126,827**	102,858
Wind turbine towers	**72,401**	—
Services and repairs	**14,985**	12,548
Total segment assets	**575,287**	414,808
Unallocated bank balances and cash	**477,377**	80,279
Unallocated other current assets	**120,596**	86,500
Unallocated non—current assets	**318,410**	235,388
Consolidated assets	**1,491,670**	816,975

Segment liabilities

	2009 RMB'000	2008 RMB'000
Economisers	**7,919**	33,757
Waste heat recovery products	**80**	9,916
Boiler components	**537**	604
Marine products	**3**	10,414
Waste heat power generation	**5,504**	29,780
Wind turbine towers	**40,112**	—
Services and repairs	**92**	93
Total segment liabilities	**54,247**	84,564
Unallocated borrowings	**380,729**	72,000
Unallocated other current liabilities	**227,847**	187,178
Unallocated deferred tax liabilities	**18,682**	18,994
Consolidated liabilities	**681,505**	362,736

7. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

Operating segment assets include amounts due from customers for contract work, certain trade and bill receivables, intangible assets under service concession arrangement, deposits paid for construction of infrastructure in service concession arrangement, certain prepaid lease payments, certain deposit paid for acquisition of property, plant and equipment, certain property, plant and equipment, certain deferred tax assets certain inventories and certain bank balances and cash.

Operating segment liabilities include amounts due to customers for contract work and certain trade and other payables, deferred income and certain deferred tax liabilities.

Other segment information

	Addition to non-current assets (note)		Depreciation and amortisation	
	2009 RMB'000	2008 RMB'000	**2009 RMB'000**	2008 RMB'000
Amounts included in the measure of segment profit or loss or segment assets:				
Waste heat power generation	**25,201**	102,858	**12,278**	—
Wind turbine towers	**40,495**	—	**2**	—
All other segments/unallocated	**102,043**	222,048	**19,482**	6,664
Total	**167,739**	324,906	**31,762**	6,664

Note: Non-current assets excluded deferred tax assets.

Non-current assets are not included in the measure of segment assets for operating segments other than waste heat power generation and wind turbine towers as they are generally used for all other operating segments and segmental analysis is not practicable.

7. SEGMENT INFORMATION (Continued)

Geographical information

The Group's revenue is mostly derived from three principal geographical areas — the PRC and the United Kingdom (the "UK"), which both are the domicile countries of the Group, and the foreign countries in Europe and North and South America. The following table provides an analysis of the Group's revenue by geographical market:

	2009 RMB'000	2008 RMB'000
The PRC	**355,544**	288,936
The UK	**32,087**	16,783
Europe, excluding the UK	**83,114**	56,946
Japan	**19,864**	7,984
North and South America	**38,854**	59,598
Rest of Asia	**23,898**	383
Others	**2,079**	443
	555,440	431,073

All of the Group's non-current assets (other than deferred tax assets) are located in the Group entities' countries of domicile (i.e. the PRC and UK).

	2009 RMB'000	2008 RMB'000
The PRC	**414,424**	276,737
The UK	**59,458**	61,168
	473,882	337,905

Information about major customers

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

	2009 RMB'000	2008 RMB'000
Customer A in the economisers, waste heat recovery products and boiler components segments	**86,241**	95,832
Customer B in the economisers and boiler components segments	**N/A[1]**	52,852
Customer C in the economisers, waste heat recovery products and boiler components segments	**79,334**	N/A[1]

1 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

8. REVENUE

	2009 RMB'000	2008 RMB'000
Revenue from construction contracts	**464,861**	341,661
Revenue from construction under service concession arrangements	**42,776**	80,674
Revenue from sales of electricity	**11,311**	—
Repairs and maintenance	**36,492**	8,738
	555,440	431,073

9. OTHER INCOME AND OTHER GAINS AND LOSSES

	2009 RMB'000	2008 RMB'000
Interest income on bank deposits	**2,334**	499
Imputed interest income on retention money receivables	**937**	1,403
Net foreign exchange losses	**(222)**	(2,173)
Subsidy income	**—**	2,619
Release of investment-related subsidy income (note 29)	**1,480**	—
Fair value change for foreign exchange forward contracts	**(1,572)**	229
Income from cancellation of contracts (note a)	**7,294**	—
Reversal of impairment loss of proceeds receivables on disposal of available-for-sale investment (note b)	**5,000**	—
Allowance for bad and doubtful debts	**(1,780)**	(1,748)
Others	**972**	1,682
	14,443	2,511

Notes:

(a) This represented contract cancellation fee net of cost incurred from cancellation of contracts during the year.

(b) As part of the Group Reorganisation and prior to its acquisition by the Company, the Mega Smart Group disposed of its equity interest in Zhangjiagang Greens Shazhou Boiler Co., Ltd. on 8 July 2008. The sales proceeds receivable of RMB5,000,000 on the disposal of the investment were fully provided as the directors of Mega Smart at that time considered the sales proceeds to be irrecoverable. In November 2009, the Group was contacted by the counterparty and received the first installment of the sales proceeds. The directors of the Company reassessed the situation and considered that the sales proceeds should be able to be recovered in full and a reversal of impairment was recognised. RMB2,125,000 had been received by the Group by 31 December 2009.

10. FINANCE COSTS

	2009 RMB'000	2008 RMB'000
Interests on bank borrowings wholly repayable within five years	**15,546**	4,487
Less: amounts capitalised	**(3,416)**	(2,548)
	12,130	1,939

Finance costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 5.79% (2008: 6.45%) per annum to expenditure on qualifying assets.

11. INCOME TAX EXPENSE

	2009 RMB'000	2008 RMB'000
Current tax:		
PRC Enterprise Income Tax ("EIT")	**11,659**	5,799
Withholding EIT paid for PRC-sourced dividends	**3,796**	–
UK Corporation Tax	**2,544**	4,246
	17,999	10,045
Under-provision in prior years:		
PRC EIT	**24**	—
UK Corporation Tax	**321**	—
	345	—
Deferred tax (note 20)		
Current year	**(461)**	1,939
Attributable to a change in tax rate	**(109)**	—
	(570)	1,939
	17,774	11,984

11. INCOME TAX EXPENSE (Continued)

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

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

No Hong Kong Profits Tax has been provided for as the group entities incorporated in Hong Kong had no assessable profits for both years.

Greens UK, E Green & Son Limited ("E Green & Son"), Senior Green Limited ("Senior Green"), TEI Greens Limited ("TEI Greens"), Greens Economisers Limited ("Greens Economisers") were incorporated in the UK and are subject to UK corporation tax at a statutory tax rate of 28% for the year ended 31 December 2009 (2008: 28.5%).

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 PRC subsidiaries is 25% from 1 January 2008 onwards.

SGTE, being a Foreign Investment Enterprise registered in Fengxian District, Shanghai, the PRC, is 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. SGTE was entitled to and enjoyed its first exemption year in 2004. Therefore, the applicable income tax rates of SGTE for the years ended 31 December 2009 and 2008 were 25% and 12.5% respectively.

Shanghai Greens Marine Engineering Limited ("SGME"), being a Foreign Investment Enterprise registered in Pudong New Area, Shanghai, the PRC, is 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. SGME was entitled to and enjoyed its first exemption year in 2005. Therefore, the applicable income tax rates of SGME for the years ended 31 December 2009 and 2008 were 12.5%.

Greens Power Equipment (China) Limited ("GPEL"), being a Foreign Investment Enterprise registered in Jingjiang Economic Development Zone, Jiangsu, the PRC, is 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 2008 and a 50% tax relief in 2009. Therefore, the applicable income tax rate of GPEL for the year ended 31 December 2009 was 12.5%.

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 the PRC. Under such circumstances, dividends distributed from the PRC subsidiaries to off shore group entities shall be subject to the withholding income tax at 10% or a lower treaty rate. Under the relevant tax treaty, the withholding income tax rate on distributions to Hong Kong resident companies is 5%. Therefore, withholding income tax has been provided for based on the dividends anticipated to be distributed by the PRC entities in the foreseeable future.

11. INCOME TAX EXPENSE (Continued)

The tax charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	2009		2008	
	RMB'000	%	RMB'000	%
Profit before tax	86,091	72,039	72,039	
Tax at the applicable income tax rate of 25%	21,523	25.0	18,010	25.0
Effect of different tax rates of group entities operating in jurisdictions other than the PRC	296	0.3	480	0.6
Effect of tax exemption and concessionary rates	(11,029)	(12.8)	(10,943)	(15.2)
Tax effect of expenses not deductible for tax purpose	4,221	4.9	2,448	3.4
Tax effect of tax losses/deductible temporary differences not recognised	1,277	1.5	—	—
Increase in opening deferred tax assets resulting from an increase in applicable tax rate	(109)	(0.1)	—	—
Withholding tax provision on PRC-sourced profits	1,250	1.4	1,989	2.8
Under-provision in respect of prior years	345	0.4	—	—
Tax charge and effective tax rate for the year	17,774	20.6	11,984	16.6

The applicable income tax rate (which is the PRC EIT rate) in the jurisdiction where the operation of the Group is substantially based is used.

12. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2009	2008
	RMB'000	RMB'000
Cost of inventories recognised as expenses	319,673	288,294
Depreciation for property, plant and equipment	14,678	5,074
Amortisation of intangible assets (included in cost of sales/services and administrative expenses)	16,475	1,368
Release of prepaid lease payments	609	222
Loss on disposal of property, plant and equipment	—	25
Allowance for bad and doubtful debts	1,780	1,748
Auditors' remuneration	1,551	243
Employee benefits expenses (including directors):		
Salaries and other benefits	51,031	30,288
Contributions to retirement benefit schemes (note 35)	2,691	1,884
	53,722	32,172

13. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the seven (2008: four) directors were as follows:

	Fees RMB'000	Salaries and other benefits RMB'000	Contributions to retirement benefit schemes RMB'000	Total RMB'000
2009				
Executive directors:				
Frank Ellis	–	1,574	79	1,653
Xie Zhiqing	–	1,026	25	1,051
Chen Tianyi	–	1,026	25	1,051
	–	3,626	129	3,755
Non-executive director:				
Zhu Keming	–	–	–	–
	–	–	–	–
Independent non-executive directors:				
Jack Michael Biddison	22	–	–	22
Yim Kai Pung	22	–	–	22
Ling Xiang	8	–	–	8
	52	–	–	52

13. DIRECTORS' EMOLUMENTS (Continued)

	Fees RMB'000	Salaries and other benefits RMB'000	Contributions to retirement benefit schemes RMB'000	Total RMB'000
2008				
Executive directors:				
Frank Ellis	—	715	31	746
Xie Zhiqing	—	519	10	529
Chen Tianyi	—	501	9	510
	—	1,735	50	1,785
Non-executive directors:				
Zhu Keming	—	—	—	—
	—	—	—	—

None of the directors waived any emoluments during both years.

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2008: three) were directors of the Company whose emoluments are included in the disclosures in note 13 above. The emoluments of the remaining two (2008: two) individuals were as follows:

	2009 RMB'000	2008 RMB'000
Salaries and other benefits	**2,218**	1,027
Contributions to retirement benefit schemes	**52**	13
	2,270	1,040

Their emoluments were within the following bands:

	2009	2008
Nil to HK$1,000,000	**—**	2
HK$1,000,001 to HK$1,500,000	**2**	—

No emoluments were paid by the Group to the directors or the five highest paid individuals as inducement to join or upon joining the Group or as compensation for loss of office during both years.

15. DIVIDENDS

	2009 RMB'000	2008 RMB'000
Dividends recognised as distribution during the year	**155,800**	—

The Company declared and paid dividends of US$3,045,000 and HK$153,252,000 in May 2009 and October 2009 respectively to its shareholders prior to the listing of the Company's shares on the Stock Exchange.

A final dividend of HK2.17 cents per share in respect of the year ended 31 December 2009 (2008: nil) has been proposed by the directors and is subject to approval by the shareholders in the annual general meeting.

16. EARNINGS PER SHARE — BASIC

The calculation of basic earnings per share attributable to the owners of the Company is based on the following data:

	2009 RMB'000	2008 RMB'000
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	**68,317**	60,055

	2009 '000	2008 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**951,452**	769,057

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been adjusted for the capitalisation issue of shares on the assumption as if they had been issued throughout both years.

No diluted earnings per share are presented as there were no potential ordinary shares in issue.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improve-ments	Buildings	Machinery	Computer and office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
At 1 January 2008	–	–	20,484	236	405	1,680	22,805
Acquired on acquisition of the Mega Smart Group (note 31)	373	5,328	14,846	1,530	777	62,258	85,112
Exchange adjustments	(99)	–	(84)	(267)	(32)	–	(482)
Additions	6	46	12,100	1,213	676	24,985	39,026
Disposals	–	–	(54)	–	–	(3)	(57)
Transfers	–	19,349	18,505	–	–	(37,854)	–
At 31 December 2008	280	24,723	65,797	2,712	1,826	51,066	146,404
Exchange adjustments	29	–	33	122	9	92	285
Additions	–	1,382	7,452	1,265	–	90,281	100,380
Transfers	–	115,195	7,226	–	–	(122,421)	–
At 31 December 2009	309	141,300	80,508	4,099	1,835	19,018	247,069
DEPRECIATION							
At 1 January 2008	–	–	5,053	98	21	–	5,172
Provided for the year	31	322	4,249	282	190	–	5,074
Eliminated on disposals	–	–	(32)	–	–	–	(32)
At 31 December 2008	31	322	9,270	380	211	–	10,214
Exchange adjustments	7	–	9	29	4	–	49
Provided for the year	79	3,855	9,805	566	373	–	14,678
At 31 December 2009	117	4,177	19,084	975	588	–	24,941
CARRYING AMOUNT							
At 31 December 2009	192	137,123	61,424	3,124	1,247	19,018	222,128
At 31 December 2008	249	24,401	56,527	2,332	1,615	51,066	136,190

The above items of property, plant and equipment other than construction in progress are depreciated after taking into account their estimated residual value on a straight-line basis at the following rates per annum:

Leasehold improvements	Over the shorter of the term of the lease, or 5 years
Buildings	4.5%
Machinery	9%–18%
Computer and office equipment	18%
Motor vehicles	18%

18. INTANGIBLE ASSETS

	Software RMB'000	Trade name RMB'000	Customer relationships RMB'000	Technology RMB'000	Service concession arrangement RMB'000	Total RMB'000
COST						
At 1 January 2008	12	—	—	—	—	12
Acquired on acquisition of the Mega Smart Group (note 31)	—	18,124	28,903	14,493	4,550	66,070
Exchange adjustments	—	—	—	(191)	—	(191)
Additions	—	—	—	—	80,674	80,674
At 31 December 2008	12	18,124	28,903	14,302	85,224	146,565
Exchange adjustments	—	—	—	55	—	55
Additions	11	—	—	—	42,776	42,787
At 31 December 2009	23	18,124	28,903	14,357	128,000	189,407
AMORTISATION						
At 1 January 2008	5	—	—	—	—	5
Charge for the year	2	377	602	387	—	1,368
At 31 December 2008	7	377	602	387	—	1,373
Exchange adjustments	—	—	—	23	—	23
Charge for the year	3	916	2,343	939	12,274	16,475
At 31 December 2009	10	1,293	2,945	1,349	12,274	17,871
CARRYING VALUES						
At 31 December 2009	13	16,831	25,958	13,008	115,726	171,536
At 31 December 2008	5	17,747	28,301	13,915	85,224	145,192

The above intangible assets have definite useful lives. Such intangible assets are amortised on a straight-line basis at the following rates per annum:

Software	20%
Trade name	5%–10%
Customer relationships	7%–14%
Technology	5%
Service concession arrangement	16.4%

18. INTANGIBLE ASSETS (Continued)

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

Prior to the acquisition of the Mega Smart Group by the Group (see note 31), one of the Mega Smart Group entities entered into a cooperation agreement with Xinjiang International Coking Company Limited ("Xinjiang Coke") in Xinjiang Autonomous Region, pursuant to which, Xinjiang Coke granted the Waste Heat Power Generation Project of Xinjiang Baicheng International Coking to the entity.

Pursuant to the cooperation agreement, the entity is responsible for the construction of the infrastructure and equipment of the power station for the project. The entity 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. until 31 July 2015. The entity 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.

The power station commenced its operation in June 2009. Approximately RMB42,776,000 (2008: RMB80,674,000) of construction revenue and approximately RMB2,938,000 (2008: RMB5,606,000) of construction profit have been recognised for the year ended 31 December 2009 by reference to the stage of completion of the construction work, which is recorded as cost of the intangible asset.

19. PREPAID LEASE PAYMENTS

	2009 **RMB'000**	2008 RMB'000
Prepaid lease payments comprise:		
Medium-term leasehold land in the PRC	**60,580**	36,782
Analysed for reporting purposes as:		
Current asset	**953**	527
Non-current asset	**59,627**	36,255
	60,580	36,782

20. DEFERRED TAXATION

The following are the major deferred tax assets and liabilities recognised and movements thereon during the current and prior years:

Deferred tax assets:

	Allowance for doubtful debts RMB'000	Government subsidy RMB'000	Total RMB'000
At 1 January 2008	—	—	—
Credit to profit or loss	341	—	341
At 31 December 2008	341	—	341
Credit to profit or loss	358	300	658
Effect of change in tax rate	109	—	109
At 31 December 2009	808	300	1,108

Deferred tax liabilities:

	Income from service concession arrangement RMB'000	Revaluation of intangible assets RMB'000	Accelerated tax depreciation of property, plant and equipment RMB'000	Recognition of profits of construction contracts RMB'000	Withholding tax on PRC-sourced profits RMB'000	Total RMB'000
At 1 January 2008	–	–	–	–	–	–
Acquired on acquisition of the Mega Smart Group (note 31)	–	15,441	50	–	1,807	17,298
Charge (credit) to profit or loss	584	(243)	(50)	–	1,989	2,280
At 31 December 2008	584	15,198	–	–	3,796	19,578
Charge (credit) to profit or loss	509	(838)	–	3,072	(2,546)	197
At 31 December 2009	1,093	14,360	–	3,072	1,250	19,775

At the end of the reporting period, the Group has unused tax losses of RMB4,519,000 (31 December 2008: nil) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams. Such tax losses will expire in 2014.

20. DEFERRED TAXATION (Continued)

At the end of the reporting period, the Group has deductible temporary differences of RMB590,000 (31 December 2008: nil). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT Law of the PRC, withholding income tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not yet been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries amounting to approximately RMB37,126,000 (31 December 2008: RMB30,573,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

21. INVENTORIES

	2009 **RMB'000**	2008 RMB'000
Raw materials	**43,518**	49,590

22. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	2009 **RMB'000**	2008 RMB'000
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses	**464,861**	341,661
Less: progress billings	**406,255**	367,152
	58,606	(25,491)
Analysed for reporting purposes as:		
Amounts due from customers for contract work	**68,352**	29,293
Amounts due to customers for contract work	**9,746**	54,784
	58,606	(25,491)

As at 31 December 2009, retentions held by customers for contract work amounted to RMB38,111,000 (31 December 2008: RMB34,377,000).

23. TRADE AND OTHER RECEIVABLES

	2009 RMB'000	2008 RMB'000
Trade receivables	**304,124**	277,614
Less: Allowance for doubtful debts	**3,528**	1,748
	300,596	275,866
Bill receivables	**15,737**	6,791
	316,333	282,657
Other receivables	**17,503**	10,198
Other tax receivables	**2,271**	—
Deposits	**5,151**	4,598
Prepaid expenses	**1,867**	2,734
Advances to suppliers	**6,655**	8,436
Subsidy receivables (note 29)	**16,000**	—
Receivable on disposal of available-for sale investment (note 9)	**2,875**	—
Total trade and other receivables	**368,655**	308,623

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 following is an aged analysis of trade and bill receivables, excluding retention money receivables and net of allowance for doubtful debts, at the end of the reporting period:

	2009 RMB'000	2008 RMB'000
0 to 90 days	**102,815**	148,676
91 to 180 days	**60,505**	49,283
181 days to 1 year	**101,359**	48,737
1 to 2 years	**12,065**	1,584
2 to 3 years	**1,478**	—
	278,222	248,280

23. TRADE AND OTHER RECEIVABLES (Continued)

The following is an aged analysis of retention money receivables, net of allowance for doubtful debts, at the end of the reporting period:

	2009 RMB'000	2008 RMB'000
0 to 180 days	3,634	2,505
181 days to 1 year	12,680	10,589
1 to 2 years	10,750	12,738
2 to 3 years	6,030	4,125
Over 3 years	5,017	4,420
	38,111	34,377

The Group does not notice any significant changes in the credit quality of the trade receivables that are neither past due nor impaired and the amounts are considered recoverable.

Included in the Group's trade receivables (excluding retention money receivables) are debtors with an aggregate carrying amount of RMB86,718,000 (31 December 2008: RMB94,823,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable. The average age of these receivables is 242 days (2008: 211 days).

Included in the Group's retention money receivables are debtors with an aggregate carrying amount of RMB11,047,000 (31 December 2008: RMB8,545,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable. The average age of these receivables is 2.5 years (2008: 2.5 years).

The Group does not hold any collateral over these balances. In determining the recoverability of the trade receivables, the Group monitors any change in the credit quality of the trade receivables since the credit was granted and up to the end of the reporting period.

Movement in the allowance for doubtful debts

	2009 RMB'000	2008 RMB'000
1 January	1,748	—
Impairment losses recognised on receivables	1,780	1,748
31 December	3,528	1,748

23. TRADE AND OTHER RECEIVABLES (Continued)

The Group's trade and other receivables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

Original currency	2009 RMB'000	2008 RMB'000
US$	20,441	23,478
EUR	27,043	25,492
HK$	2,417	52
GBP	760	—

24. AMOUNTS DUE FROM SHAREHOLDERS

	2009 RMB'000	2008 RMB'000
Non-trading in nature		
Frank Ellis	865	52
Xie Zhiqing	801	31
Chen Tianyi	824	27
	2,490	110

The amounts due from shareholders are unsecured, bearing interests at LIBOR or the benchmark interest rate prescribed by the People's Bank of China, and to be settled on demand. The maximum amount of amounts due from shareholders outstanding during the year is equivalent to the balance as at 31 December 2008 and 2009. All these amounts have been received prior to the date of issue of these financial statements.

The Group's amounts due from shareholders that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

Original currency	2009 RMB'000	2008 RMB'000
US$	944	57
GBP	788	—

25. BANK BALANCES AND PLEDGED BANK DEPOSITS

Bank balances carry market interest rates which range from 0.1% to 2.25% (31 December 2008: 0.24% to 0.36%) per annum. The pledged bank deposits carry fixed interest rate from 0.36% to 2.25% per annum (31 December 2008: 0.36%). Pledged bank deposits represents deposits paid to banks to secure the secured bank borrowings and other short-term banking facilities from the bank in respect of purchases of raw materials.

The Group's pledged bank deposits and bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

Original currency	**2009 RMB'000**	2008 RMB'000
US$	**60,151**	22,866
EUR	**4,906**	1,540
HK$	**360,750**	21,703
GBP	**21**	—

26. TRADE AND OTHER PAYABLES

	2009 RMB'000	2008 RMB'000
Trade payables	**161,666**	121,263
Bill payables	**19,340**	6,950
Other tax payables	**4,137**	4,677
Payables for acquisition of property, plant and equipment and land use rights	**22,485**	10,196
Payables for service concession arrangement	**2,813**	29,196
Salary and bonus payables	**2,926**	2,367
Accrued expenses	**7,917**	4,262
Social welfare and pension payable	**683**	965
Other payable to the minority shareholder of a subsidiary	**4,700**	—
Others	**7,097**	3,040
	233,764	182,916

The payment terms with suppliers are mainly on credit within 180 days from the time when services are rendered by or goods received from suppliers.

26. TRADE AND OTHER PAYABLES (Continued)

The following is an aged analysis of trade and bill payables at the end of the reporting period:

	2009 RMB'000	2008 RMB'000
0 to 90 days	**82,595**	76,932
91 to 180 days	**23,880**	14,010
181 days to 1 year	**51,317**	33,020
1 to 2 years	**18,991**	4,251
Over 2 years	**4,223**	—
	181,006	128,213

The Group's trade and other payables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

Original currency	**2009 RMB'000**	2008 RMB'000
US$	**3,317**	463
EUR	**614**	2,088
HK$	**89**	—

27. AMOUNTS DUE TO SHAREHOLDERS

Non-trading in nature	**2009 RMB'000**	2008 RMB'000
Xie Zhiqing	**—**	8,493
Chen Tianyi	**—**	6,809
	—	15,302

The Group's amounts due to shareholders that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

Original currency	**2009 RMB'000**	2008 RMB'000
US$	**—**	15,302

28. BANK BORROWINGS

	2009 RMB'000	2008 RMB'000
Guaranteed bank borrowings (note)	–	30,000
Secured bank borrowings	5,729	—
Unsecured bank borrowings	375,000	42,000
	380,729	72,000
Unsecured bank overdrafts	–	789
	380,729	72,789
Fixed-rate bank borrowings	260,729	72,000
Variable-rate bank borrowings	120,000	—
	380,729	72,000
Variable-rate bank overdrafts	–	789
	380,729	72,789
Carrying amount repayable:		
On demand or within one year	260,729	72,789
More than two years but not more than five years	120,000	—
	380,729	72,789

The variable-rate bank borrowings carry interest based on the benchmark interest rate prescribed by the People's Bank of China at 31 December 2009. The bank overdrafts carried a variable interest rate of 200 basis points over base rate per annum at 31 December 2008.

The ranges of effective interest rates on the Group's borrowings are as follows:

	2009 RMB'000	2008 RMB'000
Effective interest rate:		
Fixed-rate borrowings	1.54% to 5.73%	5.58% to 6.90%
Variable-rate borrowings	5.76%	8.72%

Note: As at 31 December 2008, the bank borrowings amounting to RMB30,000,000 were guaranteed by an independent third party — Jingjiang City Huaxin Guarantee Co., Ltd. (靖江市華信擔保有限公司).

28. BANK BORROWINGS (Continued)

The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

Original currency	**2009** **RMB'000**	2008 RMB'000
EUR	**5,729**	—

29. DEFERRED INCOME

	Government subsidy RMB'000
At 1 January 2009	—
Addition	20,480
Release during the year (note 9)	(1,480)
At 31 December 2009	19,000

Pursuant to a subsidy notice from the local government, a wholly-owned subsidiary of the Company was granted a subsidy of approximately RMB20,480,000 in November 2009 as a 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 them in profit or loss on a systematic basis over the periods in which Tongliao Greens recognises as expenses the related costs for which the subsidies are intended to compensate. RMB4,480,000 was received in November 2009 and the remaining RMB16,000,000 was received by late March 2010.

30. SHARE CAPITAL

	Share capital Number of shares	Share Capital US$'000
Ordinary shares		
Authorised:		
At incorporation and 31December 2008 of US$1 each	50,000	50
Increase by subdivision of 1 share of US$1 each into 100 shares of US$0.01 each (note iv)	4,950,000	—
Increase in authorised share capital of the Company (note iv)	2,395,000,000	23,950
At 31 December 2009	2,400,000,000	24,000
Issued and fully paid:		
At incorporation	1	—
Issue of ordinary shares of US$1 each on 9 April 2008 (note i)	9,999	10
Issue of ordinary shares of US$1 each on 28 May 2008 (note ii)	5,000	5
Issue of ordinary shares of US$1 each on 1 August 2008 (note iii)	5,000	5
At 31 December 2008	20,000	20
Increase by subdivision of 1 share of US$1 each into 100 shares of US$0.01 each (note iv)	1,980,000	—
Capitalisation issue of shares (note v)	898,000,000	8,980
Issue of shares pursuant to the global offering (note vi)	300,000,000	3,000
Issue of shares upon exercise of the over-allotment option (note vii)	45,000,000	450
At 31 December 2009	1,245,000,000	12,450

	2009 RMB'000	2008 RMB'000
Presented in RMB:		
Share capital	**85,004**	136

30. SHARE CAPITAL (Continued)

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2007 Revision) Chapter 22 of the Cayman Islands on 27 February 2008.

The movements in the Company's authorised and issued ordinary share capital during the two years ended 31 December 2009 are as follows:

(i) On 9 April 2008, the Company issued and allotted 5,100 and 4,899 shares of par value US$1 each to Mr. Frank Ellis and GTE, which was one of the then shareholders of the Company prior to the completion of the Group Reorganisation, respectively.

(ii) On 28 May 2008, the Company issued and allotted 2,550 and 2,450 shares of par value US$1 each as fully paid to Mr. Frank Ellis and GTE respectively.

(iii) On 1 August 2008, the Company issued and allotted 5,000 shares of par value US$1 each to China Fund Limited for a total subscription price of HK$224,000,000 (equivalent to RMB196,711,000), which was received in two equal installments in April and August 2008.

(iv) On 19 October 2009, the authorised share capital of the Company of US$50,000 was sub-divided into 5,000,000 shares of US$0.01 each. As the same time, the authorised share capital was increased to US$24,000,000 by the creation of an additional 2,395,000,000 shares of US$0.01 each which rank pari passu in all respects with the existing shares of US$0.01 each.

(v) On 19 October 2009, the directors of the Company issued and allotted 898,000,000 shares of US$0.01 each to the then existing shareholders of the Company in proportion to their then existing shareholdings in the Company as fully paid up at par by way of a capitalisation of an amount of US$8,980,000 (equivalent to RMB61,313,000) standing to the credit of the share premium account of the Company.

(vi) On 6 November 2009, 300,000,000 shares of US$0.01 each of the Company were then issued at HK$1.62 per share by way of placing and public offering and the Company's shares were listed on the Main Board of the Stock Exchange.

(vii) On 18 November 2009, an over-allotment option was exercised and a further 45,000,000 shares of US$0.01 each were issued at HK$1.62 per share.

All shares issued rank pari passu with other shares in issue in all respects.

31. ACQUISITION OF THE MEGA SMART GROUP

As part of the Group Reorganisation, on 22 July 2008, the Company acquired 100% equity interest in the Mega Smart Group from Mr. Frank Ellis for a consideration of US$1,300,000 (equivalent to RMB8,891,000). This acquisition has been accounted for using the purchase method. The discount arising as a result of the acquisition amounting to RMB129,549,000 was deemed as contribution from the shareholders and credited to special reserve.

The net assets acquired in the transaction are as follows:

	Acquiree's carrying amount before combination	**Fair value adjustment**	**Fair value**
	RMB'000	RMB'000	RMB'000
Net assets acquired:			
Property, plant and equipment	85,112	—	85,112
Intangible assets	5,267	60,803	66,070
Prepaid lease payments	33,004	—	33,004
Deposits paid for construction of infrastructure in service concession arrangement	15,730	—	15,730
Inventories	46,551	—	46,551
Amounts due from customers for contract work	28,524	—	28,524
Trade and other receivables	82,417	—	82,417
Amounts due from the Group	93,445	—	93,445
Pledged bank deposits	1,262	—	1,262
Cash and bank balances	39,331	—	39,331
Trade and other payables	(92,775)	—	(92,775)
Amounts due to customers for contract work	(19,559)	—	(19,559)
Amounts due to the Group	(178,259)	—	(178,259)
Income tax payable	(14,788)	—	(14,788)
Bank borrowings	(30,000)	—	(30,000)
Bank overdrafts	(327)	—	(327)
Deferred tax liabilities	(1,857)	(15,441)	(17,298)
	93,078	45,362	138,440
Discount arising on acquisition			(129,549)
Total consideration, satisfied by cash			8,891
Net cash inflow arising on acquisition:			
Cash consideration paid			(8,891)
Bank balances and cash acquired, net of bank overdrafts			39,004
			30,113

31. ACQUISITION OF THE MEGA SMART GROUP (Continued)

The Mega Smart Group contributed RMB205,352,000 and RMB34,052,000 to the Group's revenue and profit respectively for the period between the date of acquisition and 31 December 2008.

If the acquisition of the Mega Smart Group had been completed on 1 January 2008, the Group's revenue for the year ended 31 December 2008 would have been RMB564,394,000 and the Group's profit for the year ended 31 December 2008 would have been RMB72,524,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operation of the Group that actually would have been achieved had the acquisition been completed on 1 January 2008, nor is it intended to be a projection of future results.

32. FOREIGN EXCHANGE FORWARD CONTRACTS

As at 31 December 2009, the Group had the following foreign exchange forward contracts to mitigate its foreign currency exposure:

Notional amount	**Maturity**	**Exchange rates**
Net settlement		
Sell US$869,000	1 February 2010	US$1:RMB7.25
Sell US$977,000	31 March 2010	US$1:RMB7.27
Sell US$2,171,000	16 February 2010	US$1:RMB6.91
Gross settlement		
Sell RMB5,729,000	21 October 2010	EUR1:RMB10.1402

As at 31 December 2008, the Group had the following foreign exchange forward contracts to mitigate its foreign currency exposure:

Notional amount	**Maturity**	**Exchange rates**
Net settlement		
Sell US$869,000	1 February 2010	US$1:RMB7.25
Sell US$977,000	31 March 2010	US$1:RMB7.27
Gross settlement		
Sell EUR226,000	24 March 2009	EUR1:US$1.325332
Sell EUR330,000	12 March 2009	EUR1:US$1.404542
Sell EUR227,000	24 February 2009	EUR1:US$1.297881
Sell EUR223,000	12 February 2009	EUR1:US$1.345297
Sell EUR227,000	27 January 2009	EUR1:US$1.318968

No financial assets or liabilities were recognised in respect of the financial derivatives set out above because the fair value of the foreign exchange forward contracts is insignificant.

33. OPERATING LEASES

The Group as lessee

	2009 RMB'000	2008 RMB'000
Minimum lease payments paid under operating leases during the period	**8,625**	6,594

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2009 RMB'000	2008 RMB'000
Within one year	**5,043**	8,011
In the second to fifth years inclusive	**1,580**	7,454
Over five years	**—**	454
	6,623	15,919

Operating lease payments represent rentals payable by the Group for office premises and plants. Leases are negotiated and rentals are fixed for terms ranging from 1 to 5 years.

34. CAPITAL COMMITMENTS

	2009 RMB'000	2008 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Acquisition of property, plant and equipment	**29,948**	32,456
Acquisition of land use rights	**13,375**	13,375

35. RETIREMENT BENEFIT PLANS

The employees of the Group's PRC subsidiaries are members of the state-managed retirement benefit scheme operated by the PRC government. The subsidiaries are required to contribute 8% to 22% of their payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

The Group's full-time employees in the UK are covered by a defined contribution pension scheme provided by Greens UK. Greens UK contributes 5% of the employees' salary for all employees who have joined the pension scheme, which are charged as an expense when the employees have rendered services, entitling them to the contributions and the contributions are due.

The total cost charged to profit or loss of RMB2,691,000 (2008: RMB1,884,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

36. RELATED PARTY TRANSACTIONS

Save for those disclosed in notes 24, 27 and 31, during the year, the Group entered into the following transactions with related parties:

	2009 RMB'000	2008 RMB'000
Purchase of materials and semi-finished products		
— Greens UK	**–**	231
— GPEL	**–**	28,471
	–	28,702
Supply of products and construction services		
— Greens UK	**–**	24,540
— SGME	**–**	1,570
— GPEL	**–**	14,165
	–	40,275

Related party transactions during the year ended 31 December 2008 as disclosed above relate to those carried out prior to the acquisition of the Mega Smart Group by the Company on 22 July 2008.

The remuneration of members of key management during the year was as follows:

	2009 RMB'000	2008 RMB'000
Short-term benefits	**10,560**	3,612
Post-employment benefits	**398**	116
	10,958	3,728

37. SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2009 and 31 December 2008 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Attributable equity interest of the Group		Paid-up issued/ registered ordinary share capital	Principal activities
		2009	2008		
GTE	BVI 9 January 2003	**100%**	100%	US$1,000	Investment holding
Mega Smart (note)	BVI 27 March 2008	**100%**	100%	US$1,000	Investment holding
Silver Park Holdings Limited	BVI 2 April 2008	**100%**	100%	US$100	Investment holding
Greens Thermal Equipment (BVI) Ltd.	BVI 9 April 2008	**100%**	100%	US$50,000	Investment holding
Greens Marine Engineering (BVI) Ltd. (note)	BVI 9 April 2008	**100%**	100%	US$50,000	Investment holding
Greens Power Equipment (BVI) Ltd. (note)	BVI 9 April 2008	**100%**	100%	US$50,000	Investment holding
Greens Energy Environmental Holdings Company Limited (note)	BVI 14 May 2008	**100%**	100%	US$1,000	Investment holding
Port Rich International Limited (note)	BVI 29 April 2008	**100%**	100%	US$1,000	Investment holding
Eagle Speed International Limited (note)	BVI 3 July 2007	**100%**	100%	US$1,000	Investment holding
Nice Bright Limited	BVI 15 April 2009	**100%**	N/A	US$1,000	Investment holding
Greens Overseas Holdings Limited	BVI 8 May 2009	**100%**	N/A	US$50,000	Investment holding
Greens Singapore (BVI) Limited	BVI 8 May 2009	**100%**	N/A	US$50,000	Investment holding
Greens Thermal Equipment (HK) Limited	Hong Kong 17 April 2008	**100%**	100%	HK$1	Investment holding
Greens Marine Engineering (HK) Limited (note)	Hong Kong 17 April 2008	**100%**	100%	HK$1	Investment holding
Greens Power Equipment (HK) Limited (note)	Hong Kong 17 April 2008	**100%**	100%	HK$1	Investment holding

37. SUBSIDIARIES (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Attributable equity interest of the Group 2009	Attributable equity interest of the Group 2008	Paid-up issued/ registered ordinary share capital	Principal activities
Greens Energy Environmental (Baicheng) Limited (note)	Hong Kong 21 May 2008	**100%**	100%	HK$1,000	Investment holding
Greens Energy Environmental (Pingxiang) Limited (note)	Hong Kong 21 May 2008	**100%**	100%	HK$1,000	Investment holding
Greens New Energy Limited	Hong Kong 18 May 2009	**100%**	N/A	HK$1	Investment holding
上海格林熱能設備有限公司 SGTE	PRC 30 April 2003	**100%**	100%	US$1,800,000	Manufacture and supply of economisers, waste heat recovery products and boiler components
上海格林船務工程有限公司 SGME (note)	PRC 30 October 2003	**100%**	100%	US$140,000	Provision of repair and maintenance services for marine boilers
格菱動力（設備）中國有限公司 GPEL (note)	PRC 17 January 2007	**100%**	100%	US$30,000,000	Manufacture and supply of waste heat recovery products, marine products, boiler components and economisers
廣安桂興熱電有限公司 Guang'an Guixing Thermal Power Co., Ltd.	PRC 8 May 2009	**100%**	N/A	US$Nil/ US$5,000,000	Waste heat power generation

37. SUBSIDIARIES (Continued)

Name of subsidiary	Place and date of incorporation/ establishment	Attributable equity interest of the Group		Paid-up issued/ registered ordinary share capital	Principal activities
		2009	2008		
拜城格林餘熱發電有限公司 Baicheng Greens Waste-Heat Power Generation Co., Ltd.	PRC 16 June 2009	**100%**	N/A	US$2,877,773/ US$5,760,000	Waste heat power generation
通遼格林風電設備有限公司 Tongliao Greens	PRC 5 August 2009	**60%**	N/A	RMB39,307,777/ RMB60,000,000	Manufacture and supply of wind turbine towers
Greens Marine Engineering (SG) Pte. Ltd.	Singapore 12 June 2009	**100%**	N/A	SGD100	Sale of marine boilers and provision of marine boiler repair services
Greens UK (note)	UK 13 December 2004	**100%**	100%	GBP491,001	International sales, engineering design and provision of after-sales services
E Green & Son (note)	UK 7 March 2006	**100%**	100%	GBP1,000	Dormant
Senior Green (note)	UK 7 March 2006	**100%**	100%	GBP1,000	Dormant
TEI Greens (note)	UK 7 March 2006	**100%**	100%	GBP1,000	Dormant
Greens Economisers (note)	UK 7 March 2006	**100%**	100%	GBP1,000	Dormant

Note: These entities were acquired by the Group on 22 July 2008 pursuant to the Group Reorganisation.

38. EVENTS AFTER THE REPORTING PERIOD

On 14 January 2010, Greens New Energy Limited, a wholly-owned subsidiary of the Company and which held 60% interest in Tongliao Greens, entered into (i) an equity transfer agreement in respect of the purchase of the remaining 40% equity interest in Tongliao Greens from Tongliao Boiler Factory Limited for a consideration of RMB3,300,000; and (ii) a termination agreement to terminate the joint venture agreement of Tongliao Greens dated 5 June 2009. Upon completion of the equity transfer agreement and the termination agreement in January 2010, Tongliao Greens became a wholly-owned subsidiary of the Group.

SUMMARY OF FINANCIAL INFORMATION

A summary of the results, assets and liabilities of the Group for the last four financial years is as follows:

	For the year ended 31 December			
	2006 RMB'000	2007 RMB'000	2008 RMB'000	**2009** **RMB'000**
Result				
Revenue	189,817	231,750	431,073	**555,440**
Profit before tax	41,167	36,592	72,039	**86,091**
Income tax expense	(5,570)	(5,003)	(11,984)	**(17,774)**
Profit for the year	35,597	31,589	60,055	**68,317**
Attributable to owners of the Company	35,597	31,589	60,055	**68,317**

	As at 31 December			
	2006 RMB'000	2007 RMB'000	2008 RMB'000	**2009** **RMB'000**
Assets and Liabilities				
Total assets	172,657	247,986	816,975	**1,491,670**
Total liabilities	(116,762)	(165,502)	(362,736)	**(681,505)**
	55,895	82,484	454,239	**810,165**
Equity attributable to owners of the Company	55,895	82,484	454,239	**806,865**
Minority interests	—	—	—	**3,300**
	55,895	82,484	454,239	**810,165**

Note: The Company was incorporated in the Cayman Islands on 27 February 2008 and became the holding company of the Group on 21 July 2008. The results and assets and liabilities for 2006, 2007 and 2008 have been prepared on a combined basis as if the current group structure had been in existence throughout those years, except for the Mega Smart Group of which the result has been consolidated since 22 July 2008, and have been extracted from the Company's prospectus dated 23 October 2009.

GREENS HOLDINGS LTD
格菱控股有限公司*