GREENS HOLDINGS LTD
格菱控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1318

Greens the World

Interim Report 2013

*For identification purpose only

Contents

Corporate Information

BOARD OF DIRECTORS

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

Appleby Trust (Cayman) Ltd.,
Clifton House, 75 Fort Street,
PO Box 1350,
Grand Cayman KY1-1108,
Cayman Islands

CORPORATE HEADQUARTER

17th Floor,
Shanghai Overseas Chinese Mansion,
No.129 Yan An Road West,
Shanghai,
the People's Republic of China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit P, 14/F.,
International Industrial Centre,
2-8 Kwei Tei Street, Fotan,
New Territories, Hong Kong

COMPANY SECRETARY

Mr. Ho Kin-cheong, Kelvin

AUTHORIZED REPRESENTATIVES

Mr. Frank Ellis
Ms. Chen Tianyi
Mr. Ho Kin-cheong, Kelvin
(Alternate to Mr. Frank Ellis)

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

Corporate Information

NOMINATION COMMITTEE

Mr. Ling Xiang (Chairman)
Ms. Chen Tianyi
Mr. Yim Kai Pung

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

AUDITORS

Ernst & Young
22nd Floor, CITIC Tower
1 Tim Mei Avenue,
Central, Hong Kong

PRINCIPAL BANKER

Bank of China Limited, Shanghai Branch
Hwa Shan Road Sub-branch
Bank of Communications, Taizhou Branch
Jing Jiang Sub-branch
Bank of Communications, Hong Kong Branch

WEBSITE

www.greensholdings.com

PLACE OF LISTING

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

Interim Consolidated Income Statement

For the six months ended 30 June 2013

	Notes	For the six months ended 30 June 2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
REVENUE	5	148,491	198,090
Cost of sales		(115,925)	(186,138)
Gross profit		32,566	11,952
Other income and gains	5	3,977	8,343
Selling and distribution costs		(8,979)	(12,673)
Administrative expenses		(64,459)	(65,298)
Other expenses		(15,963)	(13,424)
Finance costs	7	(17,979)	(16,537)
LOSS BEFORE TAX	6	(70,837)	(87,637)
Income tax expense	8	(1,562)	4,127
LOSS FOR THE PERIOD		(72,399)	(83,510)
Attributable to:			
Owners of the parent		(72,383)	(83,510)
Non-controlling interests		(16)	–
		(72,399)	(83,510)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted			
– For loss for the period		(RMB0.058)	(RMB0.067)

Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2013

	For the six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
LOSS FOR THE PERIOD	**(72,399)**	(83,510)
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**274**	2,133
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(72,125)**	(81,377)
Attributable to:		
Owners of the parent	**(72,109)**	(81,377)
Non-controlling interests	**(16)**	–
	(72,125)	(81,377)

Interim Consolidated Statement of Financial Position

30 June 2013

	Notes	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	301,589	309,241
Prepaid land lease payments	11	85,728	86,688
Other intangible assets	12	38,018	40,006
Deferred tax assets	22	3,091	3,355
Total non-current assets		428,426	439,290
CURRENT ASSETS			
Inventories	13	83,784	49,608
Construction contracts	14	93,733	111,381
Trade and bills receivables	15	195,288	232,237
Prepayments, deposits and other receivables	16	128,629	95,546
Pledged deposits	17	152,884	121,921
Cash and cash equivalents	17	32,786	23,905
Total current assets		687,104	634,598
CURRENT LIABILITIES			
Trade and bills payables	18	354,111	271,284
Other payables and accruals	19	88,157	69,044
Interest-bearing bank and other borrowings	20	436,881	429,213
Amount due to directors	21	7,169	–
Tax payable		12,413	12,606
Total current liabilities		898,731	782,147
NET CURRENT LIABILITIES		(211,627)	(147,549)
TOTAL ASSETS LESS CURRENT LIABILITIES		216,799	291,741

Interim Consolidated Statement of Financial Position

30 June 2013

	Notes	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		216,799	291,741
NON-CURRENT LIABILITIES			
Deferred tax liabilities	22	11,357	11,530
Deferred income	23	30,907	33,551
Total non-current liabilities		42,264	45,081
Net assets		174,535	246,660
EQUITY			
Equity attributable to owners of the parent			
Issued capital	24	85,004	85,004
Reserves		89,531	161,640
		174,535	246,644
Non-controlling interests		–	16
Total equity		174,535	246,660

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

	Attributable to owners of the parent									
	Issued capital RMB'000	Share premium account RMB'000	Contributed surplus RMB'000	Exchange fluctuation reserve RMB'000	Reserve funds RMB'000	Retained profits/ (Accumulated losses) RMB'000	Proposed final dividends RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2012	85,004	459,124	137,935	(25,553)	24,664	50,707	-	731,881	-	731,881
Loss for the period	-	-	-	-	-	(83,510)	-	(83,510)	-	(83,510)
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	-	-	-	2,133	-	-	-	2,133	-	2,133
Total comprehensive income for the period	-	-	-	2,133	-	(83,510)	-	(81,377)	-	(81,377)
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	1,568	1,568
Transfer from accumulated losses	-	-	-	-	216	(216)	-	-	-	-
At 30 June 2012 (Unaudited)	85,004	459,124*	137,935*	(23,420)*	24,880*	(33,019)*	-	650,504	1,568	652,072

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

	Attributable to owners of the parent									
	Issued Total capital RMB'000	Share premium account RMB'000	Contributed surplus RMB'000	Exchange fluctuation reserve RMB'000	Reserve funds RMB'000	Retained profits/ (Accumulated losses) RMB'000	Proposed final dividends RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2013	85,004	459,124	138,684	(24,003)	24,664	(436,829)	–	246,644	16	246,660
Loss for the period	–	–	–	–	–	(72,383)	–	(72,383)	(16)	(72,399)
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	–	–	–	274	–	–	–	274	–	274
Total comprehensive income for the period	–	–	–	274	–	(72,383)	–	(72,109)	(16)	(72,125)
Capital injection from non-controlling interests	–	–	–	–	–	–	–	–	–	–
Transfer from accumulated losses	–	–	–	–	–	–	–	–	–	–
At 30 June 2013 (Unaudited)	85,004	459,124*	138,684*	(23,729)*	24,664*	(509,212)*	–	174,535	–	174,535

* These reserve accounts comprise the consolidated reserve of RMB89,531,000 (At 30 June 2012: RMB565,500,000) in the consolidated statement of financial position.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	For the six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Net cash flows generated from/(used in) operating activities	(16,447)	6,656
Net cash flows generated from/(used in) investing activities	34,235	(62,440)
Net cash flows generated from/(used in) financing activities	(3,142)	93,317
NET INCREASE IN CASH AND CASH EQUIVALENTS	14,646	37,533
Cash and cash equivalents at beginning of period	23,905	60,238
Effect of foreign exchange rate changes, net	(5,765)	1,918
CASH AND CASH EQUIVALENTS AT END OF PERIOD	32,786	99,689
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances at end of period	32,786	99,689
Cash and cash equivalents as stated in the consolidated statement of financial position	32,786	99,689
Cash and cash equivalents as stated in the consolidated statement of cash flows	32,786	99,689

Notes to Interim Condensed Financial Information

30 June 2013

1. CORPORATE INFORMATION

GREENS HOLDINGS LTD (the"**Company**") was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (2007 Revision) Chapter 22 of the Cayman Islands on 27 February 2008. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Main Board of HKEx**") since 6 November 2009. The registered office of the Company is Appleby Trust (Cayman) Ltd., Clifton House, 75 Fort Street, George Town, Grand Cayman KY1-1108, Cayman Islands.

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

In the opinion of the board of directors (the "**Board**"), the ultimate controlling shareholders of the Company are Frank Ellis, Xie Zhiqing and Chen Tianyi.

2. BASIS OF PREPARATION

The interim condensed financial information for six months ended 30 June 2013 has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

For the six months ended 30 June 2013, the Group reported a net loss of RMB72,399,000 (For the six months ended 30 June 2012: net loss of RMB83,510,000). As at 30 June 2013, the Group had net current liabilities of RMB211,627,000 (31 December 2012: net current liabilities of RMB147,549,000) and outstanding bank loans of RMB436,881,000 (31 December 2012: RMB429,213,000) which were due for repayment within the next twelve months.

The Board has discussed about going concern issue related to the net current liabilities position as reported in the consolidated statement of financial position of the Group as of 30 June 2013.

In order to tackle the net current liabilities position, the Group would continue its efforts to obtain new bank loans and bank facilities, minimise capital expenditures, rationalise costs and enhance overall operating results.

Subsequent to 30 June 2013 (as disclosed in note 29 of the Notes to Interim Condensed Financial Information), the Group has successfully obtained a new bank facility of approximately RMB89.0 million in August 2013, which will expire in the third quarter of year 2014.

Given the order backlog of the Group has reached a record level of approximately RMB577.6 million as of 30 June 2013 with substantial portion of such secured orders will be delivered within the next twelve months from 30 June 2013 while the average gross margin of the Group has improved during the period under review, more working capital generated from daily operations of the Group would be reflected in the financial statements.

In addition, the Group would pursue with the recovery through legal action and/or independent arbitration of its long outstanding accounts receivables being impaired and written off last year.

In the opinion of the Board, all such measures are effective and will continue to improve the Group's working capital and debt maturity profile.

Therefore, the Board is satisfied that the Group will be able to meet in full its financial obligations as they fall due for the twelve months from 30 June 2013. Accordingly, assuming the performance of the business is in line with the Board's expectations, the Board is satisfied that it is appropriate to prepare the accounts on a going concern basis.

Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the Group's ability to extend its short term borrowings upon maturity, obtain additional financing facilities and derive adequate operating cash flows from its existing operations in order for the Group to meet its financial obligations as they fall due and to finance its future working capital and financial requirements. This condition indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

The interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2012.

3.1 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and basis of preparation adopted in the preparation of the interim condensed financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012, except for the adoption of new International Financial Reporting Standards ("IFRSs") (which also include International Accounting Standards ("IASs") and Interpretations), as of 1 January 2013 noted below.

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

IAS 34 Amendments	Amendments to IAS 34 *Interim Financial Reporting and Segment Information For Total Assets and Liabilities*
IAS 1 Amendments	Amendments to IAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income and Clarification of the Requirement for Comparative Information*

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

3.2 ISSUED BUT NOT YET EFFECTIVE IFRS

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

IFRS 9	*Financial Instruments*[3]
IFRS 10	*Consolidated Financial Statements*[1]
IFRS 11	*Joint Arrangements*[1]
IFRS 12	*Disclosure of Interests in Other Entities*[1]
IFRS 13	*Fair Value Measurement*[1]
IAS 19 Amendments	Amendments to IAS 19 *Employee Benefits*[1]
IAS 27 Revised	*Separate Financial Statements*[1]
IAS 28 Revised	*Investments in Associates and Joint Ventures*[1]
IAS 32 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation-Offsetting Financial Assets and Financial Liabilities*[2]
IFRS 1 Amendments	Amendments to IFRS 1 *Government Loan*[1]
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Offseting Financial Assets and Financial Liabilities*[1]
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*[1]
Annual Improvements Project	Annual Improvements to IFRSs 2009-2011 Cycle[1]

1 Effective for annual periods beginning on or after 1 July 2013
2 Effective for annual periods beginning on or after 1 January 2014
3 Effective for annual periods beginning on or after 1 January 2015

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

4. OPERATING SEGMENT INFORMATION

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

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

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

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

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

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

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

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

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

Segment liabilities exclude interest-bearing bank and other borrowings, tax payable, deferred tax liabilities, amount due to directors, and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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

Period ended 30 June 2013

	Economisers RMB'000 (Unaudited)	Waste heat recovery products and boiler components RMB'000 (Unaudited)	Marine products RMB'000 (Unaudited)	Waste heat power generation RMB'000 (Unaudited)	Wind turbine towers RMB'000 (Unaudited)	Services and repairs RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue:							
Sales to external customers	53,070	60,745	16,293	7,643	2,054	8,686	148,491
Intersegment sales	–	–	–	–	–	–	–
	53,070	60,745	16,293	7,643	2,054	8,686	148,491
Reconciliation:							
Elimination of intersegment sales							–
Revenue							148,491
Segment gross margin	10,238	13,819	1,840	4,310	(57)	2,416	32,566
Allocated gains and expenses	(8,393)	(7,330)	(129)	(457)	(1,156)	(1,605)	(19,070)
Segment results	1,845	6,489	1,711	3,853	(1,213)	811	13,496
Reconciliation:							
Elimination of intersegment results							–
Interest income							803
Unallocated gains							352
Corporate and other unallocated expenses							(67,509)
Finance costs							(17,979)
Loss before tax							(70,837)

Period ended 30 June 2013

	Economisers RMB'000 (Unaudited)	Waste heat recovery products and boiler components RMB'000 (Unaudited)	Marine products RMB'000 (Unaudited)	Waste heat power generation RMB'000 (Unaudited)	Wind turbine towers RMB'000 (Unaudited)	Services and repairs RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment assets	165,713	157,670	24,644	3,977	120,331	7,554	479,889
Reconciliation:							
Elimination of intersegment receivables							–
Corporate and other unallocated assets							635,641
Total assets							1,115,530
Segment liabilities	162,010	176,427	15,280	15,035	39,354	3,306	411,412
Reconciliation:							
Elimination of intersegment payables							–
Corporate and other unallocated liabilities							529,583
Total liabilities							940,995
Other segment information:							
Impairment losses recognised in the income statement	4,620	3,570	–	–	–	–	8,190
Impairment losses reversed in the income statement	–	–	–	–	–	–	–
Depreciation and amortisation	3,697	9,823	431	8	3,390	268	17,617
Capital expenditure*	335	6,959	73	250	5	253	7,875

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

Period ended 30 June 2012

	Economisers RMB'000 (Unaudited)	Waste heat recovery products and boiler components RMB'000 (Unaudited)	Marine products RMB'000 (Unaudited)	Waste heat power generation RMB'000 (Unaudited)	Wind turbine towers RMB'000 (Unaudited)	Services and repairs RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue:							
Sales to external customers	47,580	107,216	26,951	6,619	–	9,724	198,090
Intersegment sales	–	–	–	–	–	–	–
	47,580	107,216	26,951	6,619	–	9,724	198,090
Reconciliation:							
Elimination of intersegment sales							–
Revenue							198,090
Segment gross margin	11,525	5,736	3,308	(10,506)	–	1,889	11,952
Allocated gains and expenses	(5,326)	(3,196)	121	3,372	(5,122)	(484)	(10,635)
Segment results	6,199	2,540	3,429	(7,134)	(5,122)	1,405	1,317
Reconciliation:							
Elimination of intersegment results							–
Interest income							1,120
Unallocated gains							383
Corporate and other unallocated expenses							(73,920)
Finance costs							(16,537)
Loss before tax							(87,637)

Year ended 31 December 2012

	Economisers RMB'000 (Audited)	Waste heat recovery products and boiler components RMB'000 (Audited)	Marine products RMB'000 (Audited)	Waste heat power generation RMB'000 (Audited)	Wind turbine towers RMB'000 (Audited)	Services and repairs RMB'000 (Audited)	Total RMB'000 (Audited)
Segment assets	78,785	163,051	12,023	2,291	123,877	3,221	383,248
Reconciliation:							
Elimination of intersegment receivables							–
Corporate and other unallocated assets							690,640
Total assets							1,073,888
Segment liabilities	109,584	188	–	17,522	39,926	1,886	169,106
Reconciliation:							
Elimination of intersegment payables							–
Corporate and other unallocated liabilities							658,122
Total liabilities							827,228

Period ended 30 June 2012

	Economisers RMB'000 (Unaudited)	Waste heat recovery products and boiler components RMB'000 (Unaudited)	Marine products RMB'000 (Unaudited)	Waste heat power generation RMB'000 (Unaudited)	Wind turbine towers RMB'000 (Unaudited)	Services and repairs RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Other segment information:							
Impairment losses recognised in the income statement	27,603	129,444	–	80,318	–	1,308	238,673
Impairment losses reversed in the income statement	–	–	–	–	–	(842)	(842)
Depreciation and amortisation	9,216	17,894	1,620	21,606	8,134	1,968	60,438
Capital expenditure*	4,843	14,726	1,067	–	–	918	21,554

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

Geographical information

(a) Revenue from external customers

	For the six months ended 30 June 2013 RMB'000 (Unaudited)	For the six months ended 30 June 2012 RMB'000 (Unaudited)
The PRC	98,170	110,979
Europe	23,796	40,577
America	10,150	28,270
India	1,921	18,264
Bangladesh	6,622	–
Singapore	5,123	–
Other countries	2,709	–
	148,491	198,090

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

(b) Non-current assets

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
The PRC	**393,677**	402,368
The UK	**30,725**	32,592
Other Countries	**933**	975
	425,335	435,935

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

Information about major customers

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

Revenue of approximately RMB4,208,000 (For the six months ended 30 June 2012: RMB23,113,000) was derived from sales by the waste heat recovery products and boiler components segment to customer A for the six months period ended 30 June 2013, including sales to a group of entities which are known to be under common control with that customer.

Revenue of approximately RMB27,890,000 (For the six months ended 30 June 2012: RMB5,992,000) was derived from sales by the economisers segment and the waste heat recovery products and boiler components segment to customer B for the six months period ended 30 June 2013, including sales to a group of entities which are known to be under common control with that customer.

5. REVENUE, OTHER INCOME AND GAINS

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

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

		For the six months ended 30 June	
		2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Revenues			
Construction contracts		132,162	181,747
Sale of goods		7,643	6,619
Rendering of services		8,686	9,724
		148,491	198,090
Other income and gains			
Bank interest income		803	1,120
Release of investment-related subsidy income	i	2,644	2,580
Subsidy income		150	139
Income from transfer agreements	ii	–	4,000
Others		380	504
		3,977	8,343

Notes:

i. In November 2009 and July 2011, Greens New Energy Limited, a wholly-owned subsidiary of the Company was granted subsidies of approximately RMB20,480,000 and RMB31,136,000 respectively as rewards 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 subsidies to be related to the investment in Tongliao Greens and therefore deferred and recognised it in profit or loss on a straight-line basis over the approved tenure of Tongliao Greens.

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

   Baicheng Greens' revenue during the periods from mid December 2010 to mid June 2011 and from mid June 2011 to mid December 2011 were both lower than the target of RMB30 million, and thus Baicheng Greens had the right to collect RMB8 million from the third party in total and had no obligation due to this third party, so it recorded RMB8 million in other income in 2011, which was paid in full by the third party through AJ Trust in February 2011 and July 2011, respectively.

   Baicheng Greens' revenue during the periods from mid December 2011 to mid June 2012 and from mid June 2012 to mid December 2012 were both lower than the target of RMB30 million, and thus Baicheng Greens had the right to collect RMB8 million from the third party in total and had no obligation due to this third party, so it recorded RMB8 million in other income in 2012, which was paid in full by the third party through AJ Trust in January 2012 and July 2012, respectively.

   During the first six months of year 2013, Baicheng Greens has not received any compensation payment neither from the independent third party nor from AJ Trust. Pursuant to the trust agreement, Baicheng Greens is entitled to terminate the transaction if the compensation payment is not being received within specific period of time.

6. LOSS BEFORE TAX

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

	Notes	For the six months ended 30 June 2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Cost of inventories sold		109,655	178,303
Cost of services provided		6,270	7,835
Depreciation		14,922	15,569
Amortisation of other intangible assets	12	1,736	13,716
Minimum lease payments under operating leases:			
Land and buildings		4,229	4,766
Recognition of prepaid land lease payments	11	960	939
Auditors' remuneration		–	600
Employee benefit expense (excluding directors' remuneration):			
Wages and salaries		39,096	38,076
Pension scheme contributions		2,661	1,731
		41,757	39,807
Foreign exchange differences, net		6,647	849
Impairment of accounts receivable, net		8,190	4,098
Impairment of construction contracts		–	6,365
Impairment of prepayments, deposits and other receivables		–	1,125
Bank interest income	5	(803)	(1,120)

7. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Interest on bank loans, overdrafts and other loans wholly repayable within five years	**14,573**	15,212
Other finance costs:		
Interest on the bank accepted note discounting	**3,406**	1,325
	17,979	16,537

8. INCOME TAX

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

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

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong for the six months ended 30 June 2013 (For the six months ended 30 June 2012: Nil).

Greens Power Limited, Greens Power Equipment (UK) Limited and Greens Combustion Limited are incorporated in the United Kingdom and are subject to UK corporation tax at a statutory tax rate of 28% for the six months ended 30 June 2013 (For the six months ended 30 June 2012: 28%).

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

Greens Power Equipment (China) Co., Ltd ("**GPEL**"), being a foreign investment enterprise registered in the Jingjiang Economic Development Zone, Jiangsu, the PRC, was entitled to an exemption from EIT for two years starting from its first profit-making year, followed by a 50% tax relief for the following three years. GPEL's first profit making year was 2007 and it was entitled to and enjoyed tax exemption in 2007 and 2008 and a 50% tax relief from 2009 to 2011. On 6 August 2012, GPEL received approval as a high and new-tech enterprise effective for three years by the relevant authorities. Therefore, the applicable income tax rate of GPEL for six months period ended 30 June 2013 was 15% (For the six months ended 30 June 2012: 15%).

Baicheng Greens Waste-heat Power Generation Co., Ltd., being a foreign investment enterprise registered in Xinjiang Uygur Autonomous Region, the PRC, was certified the corporation of comprehensive utilization of resources from July 2010 to July 2014. Thus, Baicheng Greens can be entitled to a preferential tax rate of 15% for the six months period ended 30 June 2013 and 2012.

	For the six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Group:		
Current – Mainland China		
Charge for the period	–	897
Under provision in prior years	1,471	795
Deferred (note 22)	91	(5,819)
Total tax charge/(credit) for the period	1,562	(4,127)

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic loss per share amount is based on the loss for the six months period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,245,000,000 (2012: 1,245,000,000) in issue during the six months period, as adjusted to reflect the rights issue during the six months period.

The calculation of basic loss per share is based on:

	For the six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	(72,399)	(83,510)

	Number of shares	
	2013 '000	2012 '000
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	1,245,000	1,245,000

The Group had no potentially dilutive ordinary shares in issue during the six months periods ended 30 June 2013 and 2012.

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

During the six months period ended 30 June 2013, the acquisitions of property, plant and equipment approximated to RMB7,875,000 (the six months period ended 30 June 2012: RMB4,242,000).

During the six months period ended 30 June 2013, there were no disposals of property, plant and equipment (the six months period ended 30 June 2012: RMB1,412,000).

11. PREPAID LAND LEASE PAYMENTS

	2013 RMB'000 (Unaudited)
Carrying amount at 1 January 2013	88,563
Recognised during the period	(960)
Carrying amount at 30 June 2013	87,603
Current portion included in prepayments, deposits and other receivables	(1,875)
Non-current portion	85,728

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

12. OTHER INTANGIBLE ASSETS

	Software RMB'000 (Unaudited)	Trade name RMB'000 (Unaudited)	Technology RMB'000 (Unaudited) (Note i)	Total RMB'000 (Unaudited)
Cost at 1 January 2013, net of accumulated amortisation	822	14,083	25,101	40,006
Additions	–	–	–	–
Amortisation provided during the period	(51)	(458)	(1,227)	(1,736)
Exchange realignment	–	–	(252)	(252)
At 30 June 2013	771	13,625	23,622	38,018
At 30 June 2013:				
Cost	1,023	18,124	31,999	51,146
Accumulated amortisation	(252)	(4,499)	(8,377)	(13,128)
Net carrying amount	771	13,625	23,622	38,018

Notes:

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

13. INVENTORIES

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Raw materials	83,784	49,608

14. CONSTRUCTION CONTRACTS

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Gross amount due from contract customers	179,204	196,852
Impairment	(85,471)	(85,471)
	93,733	111,381
Contract costs incurred plus recognised profits less recognised losses to date	99,019	298,061
Less: Progress billings	(5,286)	(186,680)
	93,733	111,381

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

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
At 1 January	85,471	–
Impairment losses recognised	–	85,471
	85,471	85,471

15. TRADE AND BILLS RECEIVABLES

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Bills receivable	8,700	12,141
Trade receivables	232,928	258,493
Impairment	(46,340)	(38,397)
	195,288	232,237

The Group allows credit periods ranging from 30 to 90 days to its normal trade customers other than some customers with good credit history and relationships, to whom appropriately longer credit terms will be allowed. Moreover, the Group also allows its trade customers to withhold payment of about 5% to 10% of the total contract price (the retention money) until the expiration of a period from one year to three years from the date its products are installed and put into use. The group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Within 3 months	22,446	31,085
3 to 6 months	16,668	14,803
6 months to 1 year	24,003	45,020
1 to 2 years	42,226	27,946
2 to 3 years	9,597	14,200
	114,940	133,054

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

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Within 3 months	8,774	4,134
3 to 6 months	7,794	8,797
6 months to 1 year	5,449	8,804
1 to 2 years	38,885	58,022
2 to 3 years	9,765	6,304
Over 3 years	981	981
	71,648	87,042

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

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
At 1 January	38,397	4,760
Impairment losses recognized	7,943	47,402
Amount written off as uncollectible	–	(12,923)
Impairment losses reversed	–	(842)
	46,340	38,397

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB46,340,000 (2012: RMB38,397,000) with a carrying amount before provision of RMB68,748,000 (2012: RMB44,701,000).

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

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

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Neither past due nor impaired	164,180	213,792

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

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

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Note	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Prepayments	i	90,338	61,636
Deposits and other receivables		44,844	40,463
Impairment		(6,553)	(6,553)
		128,629	95,546

Note:

i. In June 2012, the Group won in a public bidding two mining rights in Aketao County, Xinjiang Kizilsu Kirgiz Autonomous Prefacture for the total bidding price of RMB9.6 million. In July 2012, the Group won in a public bidding three mining rights in Aketao County, Xinjiang Kizilsu Kirgiz Autonomous Prefecture for the total bidding price of RMB8 million. As of 30 June 2013, the completion of these transactions is subject to the approval by the relevant authorities and a total of RMB24 million was being kept by the bidding house as the deposit for the bidding price, certain guaranteed payment for environment restoration works and other related expenses upon completion of these transactions.

The movements in the provision for impairment of deposits and other receivables are as follows:

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
At 1 January	6,553	–
Impairment losses recognised	–	6,553
	6,553	6,553

Included in the above provision for impairment is a provision of RMB6,553,000 (2012: RMB6,553,000) for a long-aged deposits and other receivables with a carrying amount before provision of RMB6,553,000 (2012: RMB6,553,000).

17. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Note	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Cash and bank balances		32,786	23,905
Time deposits		152,884	121,921
		185,670	145,826
Less: Pledged time deposits:			
Pledged for short term bank loans	20(a)	(33,388)	(75,600)
Pledged for bank guarantee letters and bank accepted drafts		(119,496)	(46,321)
		32,786	23,905

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("**RMB**") amounted to RMB22,325,000 (2012: RMB5,481,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

18. TRADE AND BILLS PAYABLES

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

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Within 3 months	184,877	114,127
3 to 6 months	45,592	44,258
6 months to 1 year	68,588	41,495
1 to 2 years	41,479	69,134
Over 2 years	13,575	2,270
	354,111	271,284

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

19. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Other payables	82,353	59,984
Accruals	5,804	9,060
	88,157	69,044

Other payables are non-interest-bearing.

20. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 30 June 2013 (Unaudited)			As at 31 December 2012 (Audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – unsecured	3-9	2013-2014	348,881	3-9	2013	306,213
Bank loans – secured	6	2013	28,000	5-6	2013	63,000
Current portion of long term bank loans – unsecured	6	2013	60,000	6	2013	60,000
			436,881			429,213

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	436,881	429,213

Notes:

(a) The Group's certain bank loans of RMB28,000,000 (2012: RMB63,000,000) are secured by the pledge of the Group's time deposits amounting to approximately RMB33,388,000 (2012: RMB75,600,000).

(b) The Group's other remaining bank loans of RMB408,881,000 are unsecured, RMB228,881,000 of which bears interest at floating interest rates from 3%-7% per annum and is repayable in the 2nd half of 2013 and 1st half of 2014, the remaining RMB180,000,000 of which bears interest at fixed interest rates within the range of 7%-9% per annum and is repayable in the 2nd half of 2013 and 1st half of 2014.

(c) Except for a bank loan of approximately RMB8,881,000 (2012: RMB6,213,000) which is denominated in United States dollars, all borrowings are denominated in RMB.

21. AMOUNT DUE TO DIRECTORS

The amount due to directors is unsecured, interest-free and has fixed term of repayment.

22. DEFERRED TAX

The movements in deferred tax liabilities and assets during the six months period ended 30 June 2013 are as follows:

Deferred tax liabilities

	Revaluation of intangible assets RMB'000 (Unaudited)
At 1 January 2013	11,530
Deferred tax credited to the income statement during the period	(173)
Gross deferred tax liabilities at 30 June 2013	11,357

Deferred tax assets

	Government subsidy RMB'000 (Unaudited)
At 1 January 2013	3,355
Deferred tax charged to the income statement during the period	(264)
Gross deferred tax assets at 30 June 2013	3,091

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

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Tax losses	98,552	82,376

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

Under the relevant tax law and implementation regulations in the PRC, withholding income tax is applicable to interest and dividends payable to investors that are "non-tax resident enterprises", which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent that such interest or dividends have their sources within Mainland China. At 30 June 2013, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

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

23. DEFERRED INCOME

	Government subsidies RMB'000 (Unaudited)
At 1 January 2013	33,551
Release during the year (note 5)	(2,644)
At 30 June 2013	30,907

Pursuant to a subsidy notice from the local government, Greens New Energy Limited, 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**"). Another government grants of RMB31,136,000 in total were received during the period from August to November 2011 for the similar reward to Greens New Energy Limited for its investment in Tongliao. The directors consider the above subsidies to be related to the investment in Tongliao Greens and therefore deferred and recognised it in profit or loss on a straight-line basis over the approved tenure of Tongliao Greens.

Notes to Interim Condensed Financial Information

30 June 2013

24. SHARE CAPITAL

Shares

	As at 30 June 2013 US$'000 (Unaudited)	As at 31 December 2012 US$'000 (Audited)
Authorised:		
2,400,000,000 (2012: 2,400,000,000) ordinary shares of US$0.01 each	24,000	24,000
Issued and fully paid:		
1,245,000,000 (2012: 1,245,000,000) ordinary shares of US$0.01 each	12,450	12,450
Presented in RMB	85,004	85,004

There were no movements in share capital during the six months periods ended 30 June 2013 and 2012.

25. CONTINGENT LIABILITIES

At the end of the six months period ended 30 June 2013, the Group did not have any significant contingent liabilities.

26. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to two years.

At 30 June 2013, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Within one year	3,509	1,524

27. COMMITMENTS

In addition to the operating lease commitments detailed in note 26 above, the Group had the following capital commitments at the end of the reporting periods:

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Contracted, but not provided for:		
Plant and machinery	948	3,472

28. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short term employee benefits	**6,871**	5,770
Pension scheme contributions	**248**	224
Total compensation paid to key management personnel	**7,119**	5,994

29. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 30 June 2013, the Group has successfully obtained a new bank facility of approximately RMB89.0 million in August 2013, which will expire in the third quarter of year 2014.

30. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 August 2013.

During the Period, the business development of the Group can be summarized into the following categories:

OVERALL OPERATIONS

Whilst the global market continues to appear sluggish, there has been a significant increase in bidding and quoting activities of new infrastructure projects while material price increased as order size dropped hence average margins in the heat transfer products industry are being affected. Our efforts continue to be focused towards the business activities and market areas that are of the lowest risk with reasonable margins and acceptable commercial terms.

To mitigate the effects and to react to the unfavourable market sentiments, the Group continued its on-going policy in broadening the markets of its core heat transfer products and sought to seek customers who are looking for experienced suppliers with capability to meet shorter deliveries at competitive prices.

The upstream segment that the Group formed last year to the production and sales of combustion equipments (i.e. high efficiency industrial burners and the accompanying control panels) and other spare parts has already entered into the markets in Europe, India and China. Solid business has been commenced during the period under review while the segment is still working on building its own GREENS combustion equipment product lines.

Developing horizontally is the open up of marine boilers business for Floating Production Storage and Offloading (FPSO) related to the offshore oil exploration industries. The Group's subsidiary in Singapore has attained a number of orders in this new area whereas other inquiries were received.

During the period under review, the Group's Engineering, Procurement and Construction segment (EPCs) in the United Kingdom has attained a three year order to act as the main contractor for the design, procurement, manufacturing and installation of sizable boiler related facilities for an oil refinery in the Middle East. The order size is over RMB300.0 million and would be one of the leading infrastructure project in the area.

To cope with shrinking market demand in China, the Group has managed to put forth series of cost control measures including partial suspension of some production activities in some of its production plants and more stringent control over costs and overhead.

Besides costs cutting in China, the management has tried to explore new opportunities in the country to broaden its source of revenue in the medium to long run. During the Period, the Group's 51% subsidiary in XinJiang, China has completed the construction of its three mining production lines and started commissioning such facilities. It is expected that the subsidiary could put the alluvial gold mining activities into commercial operations in the second half of 2013.

Operations Review

INTERNATIONAL BUSINESS PLATFORM

The Group now has a fully integrated international business platform with manufacturing facilities in China and Europe where we have direct access to key markets and are situated close to major transportation routes to serve both overseas and domestic markets. On the other hand, the offices in India, Singapore and the one in the United States of America, together with the Group's other offices around the globe are providing significant coverage and skills in the form of technical and engineering expertise, manufacturing and international sales coverage.

ECONOMISERS

Since Economiser, the historical and traditional product of the Group, is a product that enhances efficiency of coal-fired power stations and industrial power plants and reducing emissions thereof, the Group's Steel-H extended surface solution has been well known for its durability and effectiveness.

During the Period, China continued to be the major market for the Group's economisers. The Group's sales of economisers in the Period increased by 11.5% to approximately RMB53.1 million as compared with the corresponding period last year.

WASTE HEAT RECOVERY PRODUCTS AND BOILER COMPONENTS

Heat Recovery Steam Generators (HRSGs), the substantial systems applied in gas-fired and oil– fired power plants, waste heat boilers and other waste heat recovery products are primarily used in clean energy and waste-to-energy power projects. Other waste heat boilers are also used in industrial applications such as cement plants, coking plants and oil refineries to recover waste heat from daily operations and to reduce emissions. During the Period, these products were mainly supplied to customers in China, Bangladesh and the United State of America.

Although, the Group has completed an order of HRSG for a customer in Bangladesh during the period under review, turnover of waste heat recovery products still recorded a decrease to approximately RMB60.7 million for the Period (for the six months ended 30 June 2012: approximately RMB107.2 million) as the overall sluggish demand still prevailed.

MARINE BOILERS

The Group's marine products are generally waste heat boilers, economisers, composite boilers and fired boilers and therefore split into fired boilers and other marine boilers. Many of the Group's customers in China and Singapore for marine boilers are shipyards located on the mainland. The Group's products can be applied in a wide range of marine vessels such as bulk carriers, container ships, tankers, LNG (Liquefied Natural Gas) Vessels and FPSOs. During the Period, the segment has also been suffered from the challenging market sentiments of the shipbuilding industry in Asia, particularly in China. The Group's position of being one of only a few supplier offering a one-stop shop concept of providing self-manufactured products together with outsourced items for customers has enhanced the Group's position in the market. During the Period, sales of marine products decreased by 40.0% to approximately RMB16.3 million.

WASTE HEAT POWER GENERATION

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

Consistent with previous reporting periods, electricity sales of Baicheng Greens was still being affected by the domestic government's regional administrative policies with respect to the consolidation of coal resources and the operational volume of coal mines. Electricity sales for the Period amounted to approximately RMB7.6 million (for the six months ended 30 June 2012: RMB6.6 million) representing a 15.5% increase.

Since the investment costs of the project had already been fully impaired at the end of 2012, the continue operations of power generation facilities has brought about operating profit for the period under review.

The Group reported in its 2012 Annual Report that its second waste heat power generation project in Kunming city, Yunnan province, China (the "**Yunnan Project**") had got into disputes with the owner of the chemical factory with whom a build-operate-transfer (BOT) was formed. The waste heat power generation facilities installed into the chemical factory had not yet been put into use during the period under review and no revenue was recorded. The investment costs consisting of an intangible assets and a financial assets had both been fully impaired at the end of 2012. The Group is seeking legal advice about such investment.

WIND TURBINE TOWERS

A wholly owned subsidiary of the Group, Tongliao Greens Wind Power Equipment Co., Ltd. ("**Tongliao Greens**") is engaged in the manufacture and sales of wind turbine towers in inner Mongolia. However, as the wind power industry was being affected by the more conservative government policy in the Period, pricing and terms of payments has been dropped together as wind farm operators are also operating in a difficult market conditions. For that reason, the Group has been very cautious in assessing new orders and was re-engineering the production plant in inner Mongolia to also possess the capability of producing other pressurized vessel products. Turnover of wind turbine towers products being recorded for the Period amounted to RMB2.1 million (for the six months ended 30 June 2012: Nil).

SERVICE AND REPAIRS

The Group provides a wide range of services, including boiler conversions, upgrades, general maintenance services on marine or land boilers, installations, testing and repairs. The Group's service and repair business has capitalised on its experience and capabilities in the heat transfer product manufacturing sector. During the Period, the segment's growth was being the result of the installation projects undertaken by the Group's subsidiaries in India and in UK for the HRSGs and other waste heat recovery products that the Group produced in China earlier. Revenue from services and repairs of approximately RMB8.7 million decreased by approximately 10.7% as compared to the corresponding period last year.

Financial Review

A. TURNOVER AND GROSS MARGIN

As discussed in the business review above the Group's revenue for the Period has decreased to RMB148.5 million, representing a decrease of approximately 25.0% (for the six months ended 30 June 2012: approximately RMB198.1 million).

As a number of prolonged incomplete projects have been fully impaired at the end of year 2012, the negative effect to the gross profit for the six months ended 30 June 2012 brought about by the added costs for design changes and additional overheads absorbed during the prolonged production period for such impaired projects has not re-occurred in the period under review. The Group's reported gross margin for the Period has increased to 21.9% from 6.0% for corresponding period last year.

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

	For the six months ended 30 June	
Gross margin by products	**2013 (%)**	2012 (%)
Economisers	**19.3%**	24.2%
Waste heat recovery products and boiler components	**22.7%**	5.3%
Marine products	**11.3%**	12.3%
Service & repairs	**27.8%**	19.4%
Waste heat power generation	**56.4%**	-98.3%
Wind turbine tower	**-2.8%**	–

Other than the drop in gross profit margin caused by the compressed operation volume, each products segments were also being affected by the following reasons.

Economisers – gross profit margin for the Group's economisers segment reduced to 19.3%, as compared to 24.2% for the corresponding period last year. Part of the decrease was due to the lower mix of international sales and the increase of lower value simple build to print projects in China (rather than specific design). Keen price competition has weakened the profitability of new projects in the market.

Waste heat recovery and boiler components – gross profit margin for waste heat recovery products and boiler component segment rebounded from approximately 5.3% for the six months ended 30 June 2012 to approximately 22.7% in the Period. This increase reflected the more reasonable average gross margin for this segment after significant amount of incomplete and withheld construction contracts for HRSGs and waste heat boilers were being written off from the books during the end of year 2012.

Marine products – Marine products gross profit margin for the Period decreased from 12.3% for the six months ended 30 June 2012 to 11.3%. Keen price competition has weakened the profitability of new projects in the shipbuilding industry.

Services and repairs – this segment recorded an increase in gross profit margin for the Period to 27.8% compared to 19.4% in the corresponding period last year. The revenue of this segment includes repair, service and spare parts selling. Gross margin for this segment normally fluctuates because of the differences in nature and complexity of repairs and engineering services offered to customers.

Waste heat power generation – gross margin for the waste heat power generation segment for the Period has returned to positive figures as the whole investment costs and its accompanying amortization had been fully impaired as at 31 December 2012.

Wind turbine towers – gross loss margin for the Period incurred in the Period was mainly related to the suspension of production of the wind turbine tower factory in Inner Mongolia (for the six months ended 30 June 2012: Nil).

B. OVERHEADS

Given the Group has already put forth a number of cost cutting measures to tackle the prevailing drop in operation level, overhead levels remained stable during the Period, primarily to support growth in the China business (staff costs), Group costs (staff costs and aborted acquisition costs) and new business initiatives including the combustion equipment segment in UK and the FPSO segment in Singapore.

C. OTHER INCOME AND GAINS AND OTHER EXPENSES

The Group recorded a bigger deduction to the income statement for other income and gains and other expenses during the period under review was mainly the results of certain provision for bad debts at the amount of approximately RMB8.2 million in relation to certain long outstanding retention monies kept by a customer in China plus the negative effect of the absence of the compensation payment from the Trust Agreement related to BaiCheng Greens.

D. NET LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Group's net loss attributable to equity holders for the Period amounted to approximately RMB72.4 million (for the six months ended 30 June 2012: approximately RMB83.5 million). Such reduction in loss was primarily attributable to the recovery of gross margin to a more reasonable level after the prolonged incomplete projects being fully impaired at the end of last year.

E. LIQUIDITY AND FINANCIAL RESOURCES

To date, the Group's operations have been primarily financed by cash generated from its operating activities and bank borrowings. During the Period, the major source of financing for the capital expenditure of the Group was the unused portion of the proceeds from initial public offering in 2009. The Group's cash expenditures primarily consist of the purchase of raw materials and components from its suppliers, payments on manufacturing overheads and expenses on wages and salaries. As at 30 June 2013, the Group had approximately RMB32.8 million in cash and cash equivalents, compared to approximately RMB23.9 million as at 31 December 2012 (excluding pledged balances). The slight increase in cash and cash equivalent in the Period was partly attributable to the cash reservation strategy of the Group.

F. CAPITAL EXPENDITURE

The Group's capital expenditures amounted to approximately RMB7.9 million during the Period (for the six months ended 30 June 2012: approximately RMB4.2 million). The capital expenditure in the Period was primarily attributable to acquisition of property, plant and equipment in China.

G. KEY FINANCIAL RATIOS

The following table sets out the key financial ratios of the Group as at the end of the Period with comparative figures as of 31 December 2012 as reference:

	As at 30 June 2013	As at 31 December 2012
Current ratio	0.76	0.81
Net debt to equity	143.9%	114.9%
Gearing ratio	250.3%	174.0%

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

H. 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 the related expenses. By the end of September 2010, the Company has applied part of those proceeds in the ways as described in the prospectus of the Company dated 26 October 2009. In December 2010, the Company announced that it planned to reallocate the remaining balance of such proceeds as of 30 September 2010 of approximately RMB349 million to other intended applications. Later on in June 2011, the Company further announced that it planned to reallocate the remaining balance of such proceeds as of 31 May 2011 of approximately RMB194 million to other intended applications. As of 30 June 2013, approximately RMB14 million were still unutilized and the Group is intended to apply such remaining balance in accordance with proposed uses as set out in the annual report 2012 of the Company.

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

I. CAPITAL STRUCTURE

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

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

J. CONTINGENT LIABILITIES

As at 30 June 2013, there were not any contingent liabilities incurred by the Group. (as of 31 December 2012: Nil).

Financial Review

K. PLEDGE OF ASSETS

As at 30 June 2013, the Group had pledged cash and bank deposits of approximately RMB152.9 million (as of 31 December 2012: approximately RMB121.9 million) to secure certain bank borrowings and banking facilities of the Group.

L. FOREIGN EXCHANGE RISK

As at 30 June 2013, the balance of the bank balances and cash maintained and recorded by the Group (including pledged bank deposits) consisted of HK dollars, Renminbi, US dollars and others in the respective proportions of approximately 0.3%, 64.6%, 28.6% and 6.5% (as at 31 December 2012, HK dollars, Renminbi, US dollars and others accounted for approximately 0.1%, 29.7%, 62.4% and 7.8% respectively of the bank balance of the Group).

The sales, purchases and bank borrowings of the Group during the Period and in 2012 were made mainly in Renminbi, US dollars and Euro and it is expected that the majority of future development and transactions carried out by the Group will be made mainly in Renminbi, US dollars and Euro. To reduce its foreign currency exchange exposure, the Group enters into forward transactions on, among other currencies, the Renminbi, US dollars and Euro from time to time.

M. INTEREST RATE RISKS

As at 30 June 2013, the majority of the bank borrowings of the Group are floating rate borrowings and carry interest ranging from 3% to 9% 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.

N. SIGNIFICANT INVESTMENTS HELD

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

O. DIVIDEND

The Board does not recommend any interim dividend for the Period (for the six months ended 30 June 2012: Nil).

P. MAJOR ACQUISITION AND DISPOSAL

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

Q. HUMAN RESOURCES

As at 30 June 2013, the Group employed a total of 947 staff (as of 31 December 2012: 1,087 staff). During the Period, the staff costs (excluding the directors) of the Group were approximately RMB41.8 million (for the six months ended 30 June 2012: approximately RMB39.8 million). The staff costs include basic salary, performance salary and welfare expenses, whereby employees' welfare includes medical insurance plan, pension plan, public house reserves, unemployment insurance plan, and pregnancy insurance plan. The Group's employees are engaged according to the terms and provisions of their employment contracts and the Group normally conducts reviews over the remuneration packages and performance appraisal once every year for its employees, the results of which will be applied in the annual salary review for considering a grant of an annual bonus or not and in promotion assessment. The Group also studies and compares its remuneration packages with that of its peers and competitors and will make adjustments whenever necessary so as to maintain its competitiveness in the human resources market.

R. ORDER BACKLOG

The Group generally recognises revenue on a stage of completion basis. The Group's order backlog represents that portion of the contract value as of a specified date whose associated revenue has not been recognised. Based on supply contracts entered into on or prior to 30 June 2013, the total order backlog as at 30 June 2013 was approximately RMB577.6 million (as at 31 December 2012: RMB231 million). The following table sets forth, by business segment, the Group's order backlog as of 30 June 2013 and 31 December 2012.

	As of 30 June 2013 To be delivered in		As of 31 December 2012 To be delivered in	
	2013 RMB million	2014 RMB million	2013 RMB million	2014 RMB million
Economisers	49	–	77	–
Waste Heat Recovery Systems and boiler components*	143	233	72	–
Marine Products	49	12	55	5
Wind turbine towers	–	–	–	–
Service & Repairs	20	–	22	–
Total	261	245	226	5

* Approximately RMB71.6 million of backlog order for the remaining part of an EPC order in the Middle East to be delivered in 2015 and onwards is not included in the table.

Prospect, Future Plans and Strategies

The latest development to the Group's market in China includes the State Council's View on "Accelerating the development of energy-saving environmental protection industry" Guo[2013] No.30《國務院關於加快發展節能環保產業的意見國發[2013]30號》issued on 11 August 2013 (the "**View**"). In an attempt to tackle its worsening pollution problems, the State Council of China announced plans to make the energy saving sector a "pillar" of the Chinese economy by 2015 and projected the environmental protection sector in the country will grow by 15% on average annually, reaching an output of RMB4.5 trillion.

Major economies like China and USA have continued to invest in markets requiring support to increase power capacity and cleaner forms of energy whilst their domestic markets slowed down creating opportunities for the most experienced companies in this business who are prepared to work in overseas markets.

Globally, there has been a considerable emphasis to reduce emissions in order to meet promised targets of various governments. In most of the Group's established markets, there is an acceleration of commitment to reduce dependency on fossil fuels with clean energy projects being installed. Some of these projects involve modification to existing power plant and others being larger scale waste to energy and biomass plants that have been planned for some time. Nuclear power generation, wind power and solar power projects that rely on much stronger commitments from Governments still take much longer time to materialise. So new opportunities are being created where boiler skills that GREENS specialized are required. The Group keeps on focusing on projects that need competitive manufacturing with design expertise that is available in markets around the world. In some cases, the Group's former customers are now becoming competitors and that is a natural cycle of development in the power industry nowadays.

New developments as a result of successful exploration of shale gas are projected to change the face of the industry with imminent opportunities for supply conventional power generating equipment around which the Group has built its reputation. Likewise continents where deeper offshore exploration has been successful present other opportunities for equipment and services that the Group supply and both are creating opportunities.

Shorter term solutions such as diesel engine power projects are being installed in more remote areas and in developing countries such as Bangladesh and in parts of the Middle East where we have focused a lot of attention in 2011 and 2012. Typically such projects involve a number of the Group's exhaust gas economisers and boilers and the Group supplied several projects these last few years around which the Group's track record has been developed. The project value is often five to ten times that of some of the Group's standard economizer contracts and delivered in less than 12 months.

Prospect, Future Plans and Strategies

CHINA AND MID ASIA

Basic national targets for China and Mid Asia, including India, are still unchanged. According to the View, environmental protection industries will receive funding from the Chinese government in an effort to stimulate technological innovation. The funding will cover a wide range of technologies that address air, water and soil pollution including energy saving products, waste disposal, electric vehicles and pollution monitoring. The Group's competitive advantage consists of its international reputation and its well-established exposure to the market in China enable the Group to have the potential to join the "Coming In" target plans announced by the State Council of China including to develop a number of high efficiency boilers manufacturing bases in the country and to build a number of manufacturing bases with high efficiency combustion, heat transfer and cooling technology characteristics.

Meanwhile, markets like India, Bangladesh and some Middle East countries are very active. Whilst orders in India have started to build up again, to further develop Bangladesh and the Middle East are having great potential and the Group has supplied equipment as well as supporting customers who are very active main contractors in these markets. Whilst most boiler companies have suffered delays to projects in India the twelfth five years plan of India has set a target of constructing approximately 100GW of thermal power capacity from 2012 to 2017 as reported by the local media. However, the major factor to the frequency and size of bidding activities for such projects in India would mostly be tied to the availability and supply of natural gas and coal at economical price in the India market and secure terms and guaranteed Letters of Credits will dictate which projects are accepted.

Given the above, the slow-down of markets in China and India are expected to pick up and then accelerate in the short and medium run. A number of orders for gas and coal-fired power plant retrofitting have been attained by the Group and it is now targeting the size and frequency of orders from major customers in China in the remaining part of the year.

In 2011 and 2012 the Group has established solid reference in China of its capabilities to design and manufacture of power facilities fueled by renewable energy, namely, waste-to-energy and biomass fuel. New orders have been placed by the Group's strategic business partner who is the leading biomass power plant subcontractor around the globe. More extensive cooperation between the two parties is expected to crystallize in the time to come. More attention about the environmental contribution of waste-to-energy and biomass power generation has been aroused among South Asian countries. The international brand name of the Group would actively focus on such new potential markets.

Although there are still a large number of wind farm under production in China, the progress of such projects have been slowed down partly because of central government macro control policies and partly caused by the fall in electricity tariff in various parts of the country which eroding the competitive advantage of wind power over the traditional thermal power. Consequently, the demand for wind turbine towers would still subject to substantial pressure in the rest of the year 2013.

Prospect, Future Plans and Strategies

The management has decided to enrich the production capability of its production plant in Inner Mongolia to include pressurized vessels and boilers components. Application for the necessary technical licenses and accreditation from the Chinese government has been attained and the Company expects to secure orders for other types of clean energy projects being developed in that region.

Being part of the sustainable development directives of the Group, the management has been carefully looking for other investment opportunities to diversify the business and operations in China. Given the depressing economic condition that emerged in the country after the recent 30 years of speedy development, the Group has attempted to seize other kinds of business opportunities such as mining and the trading of ores products in the less developed western China. As a pilot project, the scale of initial investment to such new areas has been controlled to an undisruptive level.

OTHER INTERNATIONAL MARKETS

Although the Group's markets in America and Europe had not fully recovered during the first half of 2013, there was already signs of turnaround and the momentum of such improvement in various segments, including but not least, the more active heat transfer products market in South Asia and the solid infrastructure upgrading plans in the USA market.

The newly formed international group office in Singapore started full operations in the second half of 2012 successfully securing certain major FPSO projects and now targets more orders from FPSO markets in South Asia for land and marine use boilers as well as assisting to promote the Group's experience to Chinese Shipyards now focusing on larger marine and offshore projects.

Through direct promotion by the Group's agent in Japan several key projects are being pursued to build on prior experience and references and even though the Japan domestic market is still quieter than required the Japanese customers the Group support are very active in overseas markets and it is expected that the Group will attain new orders in the rest of 2013.

After a slow-down of orders from USA customers from 2012 has extended to first half 2013, the USA subsidiary of the Group originally expects to attain more orders is still confident that sizable jobs could be attained soon. The subsidiary company in the US has taken a very proactive role that is preferred by customers. To continue the success and the positive response from the market, the Group would further enhance the sales and technical skills with priority on support of USA customers. Much focus has been placed on supporting key customers in USA who are confident of securing orders for major co-generation plant in the second half of 2013 as gas prices have tumbled. Besides, the onset of shale gas production and power plants fueled by such new fuel supply this is expected to produce many more opportunities for the power industry. To facilitate such new potential of the USA market, the Group has strengthened the management skills in its core manufacturing plant in Jing Jiang, China to satisfy end user requirements with good products delivered on time so as to match with competitors in other established but less competitive locations such as Korea.

Prospect, Future Plans and Strategies

The original development plans for markets in Brazil are still under detailed consideration by the management and will be covered from the USA subsidiary as part of their future strategy.

For the European markets, the Group's subsidiary in Wakefield, UK has already re-engineered its business plan and market strategies in order to enhance its efficiency and profitability under the prevailing changing market requirements caused by the slowdown of investment due to the economic situation in the area. A considerable amount of sales effort has been expended on larger turnkey projects in UK, Singapore and parts of the Middle East. After rounds of hard work and efforts, as second preferred supplier on some projects has brought about disappointment while, on the other hand, there is a over RMB300 million projects that was being secured involving traditional oil and gas fired boilers to be installed onto a sizable oil refinery. The project was now finalised as the Group has received a satisfactory Letter Of Credit from the customer in Middle East. This project demonstrates the need for skills GREENS have available and opens a market that the Group targets for. Similar projects including the Group's new combustion product lines and the same skills and experience are being used to develop opportunities in the Offshore Oil and Gas industry by another group subsidiary in Singapore where GREENS is now supplying its boilers and combustion equipments to its first FPSO project. Several major projects are targeted as a result of the focus on active markets using our UK heritage and skills in China. Singapore and India and domestically in the UK, the market is still focusing on waste to energy or retrofit and targets are to support the conversion of UK Power stations that are being converted to Biomass. All potential orders are being negotiated under secure contract terms that reduce commercial risk to a minimum.

As mentioned in the previous paragraph the Group has invested in a combustion company to complement many of the products already supplied and to enhance the technical skills. The main target is the International petro-chemical market as well as China and the core skills have been located in the South England, near London, where the requisite skills and core competences are readily available. The new venture has already had good successes and is on track against its business plan having developed a range of combustion products around the Groups prior product experience in industrial and marine markets. This will therefore form a upstream expansion of the Group's core operation and it is expected that this Company will have synergistic effect to the further development of the Group and will provide support to the other core segments.

Prospect, Future Plans and Strategies

IT'S THE WORST OF TIMES, IT'S THE BEST OF TIMES

The order book level as of 30 June 2013 has reached a record high for that the Group with over RMB500 million orders being secured for the next three years. The order backlog explains the fact that the Group still maintained its business potential under the prevailing harsh market sentiments. The management has already formulated the necessary strategies to tackle such challenges including to diversify its target markets to other countries and to strengthen its upstream development to new products and new markets.

The management will implement more stringent cost efficiency control of the Group during 2013 while from time to time conducting reviews of production process, possible acquisition of efficiency enhancing equipments and more advanced engineering know-how.

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

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 (the "**Share Option Scheme**"). As at 30 June 2013, no option has been granted under the Share Option Scheme by the Company. A summary of the principal terms and conditions of the Share Option Scheme are set out in the section headed "Share Option Scheme" in Appendix IV to the prospectus of the Company dated 23 October 2009 and in the relevant section of the 2012 annual report of the Company.

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 owners	347,250,000	27.89
Xie Zhiqing	Controlled corporation[2]	185,566,250	14.90
Chen Tianyi	Controlled corporation[3]	149,183,750	11.98

Notes:

(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 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 wholly-owned by Ms. Chen Tianyi.

As at 30 June 2013, save for the directors of the Company mentioned above, none of the other directors or the chief executive 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 for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "**Model code**").

Other Information

During the Period, save as disclosed above, none of the directors and the chief executive 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 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 30 June 2013, 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
Ann Elizabeth[2]	Family	347,250,000	27.89%
Crown Max[3]	Beneficial Owner	149,183,750	11.98%
Union Rise[4]	Beneficial Owner	185,566,250	14.90%
Dai Ya Ping[4]	Family	185,566,250	14.90%
China Fund Limited[5]	Beneficial Owner	192,124,000	15.43%
Luckever Holdings Limited[5]	Controlled corporation	194,476,000	15.62%
Liu Xuezhong[5]	Beneficial Owner	194,476,000	15.62%
Li Yuelan[5]	Beneficial Owner	194,476,000	15.62%

Notes:

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

(2) Ms. Ann Elizabeth is the spouse of Mr. Frank Ellis, the Chairman and executive director of the Company. Therefore, Ms. Ann Elizabeth is deemed, or taken to be, interested in the 347,250,000 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 wholly-owned by Ms. Chen Tianyi, the Chief Operations Officer and executive director of the Company. Ms. Chen Tianyi is the sole director of Crown Max.

(4) The interest disclosed represents the interest in the Company held by Union Rise, a company which is directly wholly-owned by Mr. Xie Zhiqing, the Chief Technology Officer and executive director of the Company. Ms. Dai Ya Ping is the spouse of Mr. Xie Zhiqing. Therefore Ms. Dai Ya Ping is deemed, or taken to be, interested in the 185,566,250 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 192,124,000 Shares owned by China Fund Limited. Luckever Holdings Limited is beneficially owned by Mr Liu Xuezhong as to 60.87% and Ms Li Yuelan as to 39.13% respectively. Therefore, they are deemed, or taken to be, interested in the 194,476,000 Shares which Luckever Holdings Limited is interested in for the purpose of the SFO. Mr Liu Xuezhong beneficially owns 194,476,000 Shares and is also the spouse of Ms Li Yuelan. Ms Li Yuelan is deemed, or taken to be, interested in the 194,476,000 Shares which Mr Liu Xuezhong is interested for the purpose of the SFO.

Save as disclosed herein, there was no person known to any directors or chief executive of the Company, who, as at 30 June 2013, had interests or short positions in the shares, underlying shares and debentures 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 were recorded in the register required to be kept by the Company under section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2013.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as the code of conduct for the directors of the Company in their dealings in the Company's securities. The Company, having made specific enquiry on all the directors of the Company, confirmed that all its directors have complied with the Model Code throughout the six months ended 30 June 2013.

AUDIT COMMITTEE

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

Other Information

CORPORATE GOVERNANCE

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

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

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

Shanghai, 29 August 2013.

* *for identification purposes only*