GREENS HOLDINGS LTD
格菱控股有限公司*

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

Together we GROW

Interim Report
2014

**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, Shanghai Branch
Hwa Shan Road Sub-branch
Bank of Communications, Taizhou Branch
Jing Jiang Sub-branch
Bank of Communications, Hong Kong Branch
Bank of Jiang Su, Shanghai 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 2014

	Notes	For the six months ended 30 June 2014 RMB'000 (Unaudited)	For the six months ended 30 June 2013 RMB'000 (Unaudited)
REVENUE	5	132,757	148,491
Cost of sales		(130,611)	(115,925)
Gross profit		2,146	32,566
Other income and gains	5	4,263	3,977
Selling and distribution costs		(7,583)	(8,979)
Administrative expenses		(54,449)	(64,459)
Other expenses		(22,361)	(15,963)
Finance costs	7	(17,812)	(17,979)
LOSS BEFORE TAX	6	(95,796)	(70,837)
Income tax expense	8	(105)	(1,562)
LOSS FOR THE PERIOD		(95,901)	(72,399)
Attributable to:			
Owners of the parent		(95,899)	(72,383)
Non-controlling interests		(2)	(16)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic and diluted			
– For loss for the period		(RMB0.077)	(RMB0.058)

Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2014

	For the six months ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
LOSS FOR THE PERIOD	(95,901)	(72,399)
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	(45)	274
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(95,946)	(72,125)
Attributable to:		
Owners of the parent	(95,944)	(72,109)
Non-controlling interests	(2)	(16)

Interim Consolidated Statement of Financial Position

30 June 2014

	Notes	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	271,154	282,423
Prepaid land lease payments	11	83,874	84,812
Other intangible assets	12	40,586	46,761
Deferred tax assets	22	2,575	2,839
Total non-current assets		398,189	416,835
CURRENT ASSETS			
Inventories	13	41,689	46,652
Construction contracts	14	39,153	59,900
Trade and bills receivables	15	142,104	167,215
Prepayments, deposits and other receivables	16	26,094	56,393
Pledged deposits	17	229,564	159,963
Cash and cash equivalents	17	29,793	32,580
Total current assets		508,397	522,703
CURRENT LIABILITIES			
Trade and bills payables	18	167,286	178,541
Other payables and accruals	19	141,067	98,283
Interest-bearing bank and other borrowings	20	542,890	538,939
Amount due to directors	21	37,304	36,947
Tax payable		12,601	12,629
Total current liabilities		901,148	865,339
NET CURRENT LIABILITIES		(392,751)	(342,636)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,438	74,199

Interim Consolidated Statement of Financial Position

30 June 2014

	Notes	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,438	74,199
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	20	30,000	–
Deferred tax liabilities	22	6,074	6,247
Deferred income	23	25,746	28,390
Total non-current liabilities		61,820	34,637
Net (liabilities)/assets		(56,382)	39,562
EQUITY			
Equity attributable to owners of the parent			
Issued capital	24	85,004	85,004
Reserves		(141,386)	(45,442)
		(56,382)	39,562
Non-controlling interests		–	–
Total (deficits)/equity		(56,382)	39,562

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

	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 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

	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/ (deficits) RMB'000
At 1 January 2014	85,004	459,124	138,684	(28,013)	24,664	(639,901)	–	39,562	–	39,562
Loss for the period	–	–	–	–	–	(95,899)	–	(95,899)	(2)	(95,901)
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	–	–	–	(45)	–	–	–	(45)	–	(45)
Total comprehensive income for the period	–	–	–	(45)	–	(95,899)	–	(95,944)	(2)	(95,946)
Capital injection from non-controlling interests	–	–	–	–	–	–	–	–	2	2
Transfer from accumulated losses	–	–	–	–	–	–	–	–	–	–
At 30 June 2014 (Unaudited)	85,004	459,124*	138,684*	(28,058)*	24,664*	(735,800)*	–	(56,382)	–	(56,382)

* These reserve accounts comprise the consolidated negative reserve of RMB141,386,000 (At 30 June 2013: positive RMB89,531,000) in the consolidated statement of financial position.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

	For the six months ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Net cash flows generated used in operating activities	(38,121)	(16,447)
Net cash flows (used in)/generated from investing activities	(1,201)	34,235
Net cash flows generated from/(used in) financing activities	36,917	(3,142)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,405)	14,646
Cash and cash equivalents at beginning of year	32,580	23,905
Effect of foreign exchange rate changes, net	(382)	(5,765)
CASH AND CASH EQUIVALENTS AT END OF YEAR	29,793	32,786
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	29,793	32,786
Non-pledged time deposits with original maturity of less than three months when acquired	–	–
Cash and cash equivalents as stated in the statement of financial position	29,793	32,786
Cash and cash equivalents as stated in the statement of cash flows	29,793	32,786

Notes to Interim Condensed Financial Information

30 June 2014

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (2007 Revision) Chapter 22 of the Cayman Islands on 27 February 2008. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited 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 Group are the manufacture and supply of heat transfer products and solutions, including economisers, waste heat recovery products, wind turbine towers, marine products and boiler components as well as related services and repairs and waste heat power generation.

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

2. BASIS OF PREPARATION

The interim condensed financial information for six months ended 30 June 2014 has been prepared in accordance with IAS 34 Interim Financial Reporting.

For the six months ended 30 June 2014, the Group reported a net loss of RMB95,901,000 (For the six months ended 30 June 2013: net loss of RMB72,399,000). As at 30 June 2014, the Group had net liabilities of RMB56,382,000 and net current liabilities of RMB392,751,000 (31 December 2013: net assets of RMB39,562,000 and net current liabilities of RMB342,636,000) and outstanding bank loans of RMB572,890,000 (31 December 2013: RMB538,939,000). Such financial position indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liability in the normal course of business.

Subsequent to 30 June 2014, the Group has successfully renewed a bank loan of approximately RMB73,772,000 in August 2014, which will expire in the third quarter of year 2015.

The Board has discussed about going concern issue related to the net liabilities and net current liabilities position as reported in the consolidated statement of financial position of the Group as of 30 June 2014. Nevertheless, the Board is of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 30 June 2014 given that:

a) the Board anticipates that the Group will generate positive cash flows from its future operations;

b) the successful renewal of the Group's existing bank loans as of 30 June 2014;

c) the timely recovery of debts impaired previously which is under legal action or arbitration as of 30 June 2014;

d) the successful realization of the Group's non-productive assets (including but not limited to land, property, plan and equipment) located in inner Mongolia and Jiang Su, China;

e) if necessary, in order to meet the Group's funding requirements the Board will consider to raise funds by way of issuing additional equity and/or debt financial instruments.

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

Having the afore-mentioned tactics in place and properly carried on in the short run to medium run, 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 2013.

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 2013, except for the adoption of new International Financial Reporting Standards ("**IFRSs**") (which also include International Accounting Standards ("**IASs**") and Interpretations), as of 1 January 2014 noted below.

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

IFRS 10, IFRS 12 and IAS 27 (2011) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (2011) – Investment Entities
IAS 32 Amendments	Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
IAS 36 Amendments	Amendments to IAS 36 Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets
IAS 39 Amendments	Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
IFRIC Interpretation 21	Levies

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[4]
IFRS 14	Regulatory Deferral Accounts[2]
IFRS 15	Revenue from contracts with customers[3]
IFRS 9, IFRS 7 and IAS 39 Amendments	Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39[4]
IAS 19 Amendments	Amendments to IAS 19 Employee Benefits – Defined Benefits Plans: Employee Contributions[1]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 No mandatory effective date yet determined but is available for adoption

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 seven 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;

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

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

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 2014

Year ended 30 June 2014	Economisers RMB'000	Waste heat recovery products and boiler components RMB'000	Marine products RMB'000	Waste heat power generation RMB'000	Wind turbine towers RMB'000	Services and repairs RMB'000	Alluvial-gold mining RMB'000	Total RMB'000
Segment revenue:								
Sales to external customers	45,068	46,774	24,321	–	–	11,944	4,650	132,757
Intersegment sales	–	–	–	–	–	–	–	–
	45,068	46,774	24,321	–	–	11,944	4,650	132,757
Reconciliation:								
Elimination of intersegment sales								–
Revenue								132,757
Segment results	6,238	(32,545)	4,594	(1,733)	(1,369)	4,566	(2,313)	(22,562)
Reconciliation:								
Elimination of intersegment results								–
Interest income								1,306
Unallocated gains								279
Corporate and other unallocated expenses								(57,007)
Finance costs								(17,812)
Loss before tax								(95,796)

Period ended 30 June 2014

Year ended 30 June 2014	Economisers RMB'000	Waste heat recovery products and boiler components RMB'000	Marine products RMB'000	Waste heat power generation RMB'000	Wind turbine towers RMB'000	Services and repairs RMB'000	Alluvial-gold mining RMB'000	Total RMB'000
Segment assets	63,668	110,411	24,568	399	113,379	11,784	13,926	338,135
Reconciliation:								
Elimination of intersegment receivables								-
Corporate and other unallocated assets								568,451
Total assets								906,586
Segment liabilities	116,935	105,495	27,472	20,315	36,723	4,753	58,655	370,348
Reconciliation:								
Elimination of intersegment payables								-
Corporate and other unallocated liabilities								592,620
Total liabilities								962,968
Other segment information:								
Impairment losses recognised in the statement of profit or loss	-	20,324	-	-	-	-	-	20,324
Impairment losses reversed in the statement of profit or loss	(2,642)	-	-	-	-	-	-	(2,642)
Depreciation and amortisation	2,983	7,945	828	11	3,349	349	5,083	20,548
Capital expenditure*	239	770	73	-	-	1	694	1,777

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

Period ended 30 June 2013

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)

As at 31 December 2013

As at 31 December 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)	Alluvial-gold mining RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment assets	21,631	143,526	16,624	406	113,367	3,111	19,303	317,968
Reconciliation:								
Elimination of intersegment receivables								–
Corporate and other unallocated assets								621,570
Total assets								939,538
Segment liabilities	103,673	485	–	19,573	33,472	1,695	58,914	217,812
Reconciliation:								
Elimination of intersegment payables								–
Corporate and other unallocated liabilities								682,164
Total liabilities								899,976
Other segment information:								
Impairment losses recognised in the statement of profit or loss	49,741	2,834	198	–	3,993	–	–	56,766
Impairment losses reversed in the statement of profit or loss	(62)	(3,156)	–	–	–	(50)	–	(3,268)
Depreciation and amortisation	11,247	13,441	1,080	16	6,580	1,917	7,987	42,268
Capital expenditure*	345	1,758	16	–	–	328	22,172	24,619

* 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	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
The PRC	86,871	98,170
Europe	19,046	23,796
Middle East	16,450	–
Singapore	4,053	5,123
America	1,150	10,150
India	1,264	1,921
Bangladesh	–	6,622
Other countries	3,923	2,709
	132,757	148,491

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

(b) Non-current assets

	30 June 2014 RMB'000 (Unaudited)	31 December 2013 RMB'000 (Audited)
The PRC	366,755	383,622
The UK	28,214	29,612
Other Countries	645	762
	395,614	413,996

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 RMB11,606,000 (For the six months ended 30 June 2013: RMB27,890,000) was derived from sales by the economisers segment and the waste heat recovery products and boiler components segment to customer A for the six months period ended 30 June 2014, including sales to a group of entities which are known to be under common control with that customer.

Revenue of approximately RMB16,454,000 (For the six months ended 30 June 2013: RMB1,436,000) was derived from sales by the economisers segment to customer B for the six months period ended 30 June 2014, 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	
		2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Revenues			
Construction contracts		116,163	132,162
Sale of goods		4,650	7,643
Rendering of services		11,944	8,686
		132,757	148,491
Other income and gains			
Bank interest income		1,306	803
Release of investment-related subsidy income	i	2,644	2,644
Subsidy income		266	150
Others		47	380
		4,263	3,977

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.

6. LOSS BEFORE TAX

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

	Notes	For the six months ended 30 June 2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Cost of inventories sold		124,669	109,655
Cost of services provided		5,942	6,270
Depreciation		13,317	14,922
Amortisation of other intangible assets	12	6,293	1,736
Minimum lease payments under operating leases:			
Land and buildings		4,018	4,299
Recognition of prepaid land lease payments	11	938	960
Employee benefit expense (excluding directors' remuneration):			
Wages and salaries		35,218	39,096
Pension scheme contributions		2,628	2,661
		37,846	41,757
Foreign exchange differences, net		1,428	6,647
Impairment/(reversal) of accounts receivable	15	(2,483)	8,190
Impairment of construction contracts	14	69	–
Accounts receivable written off as uncollectible		38,232	–
Bad debts written off	15	(17,977)	–
Fair value gains, net:			
Derivative financial instruments at fair value through profit or loss		–	–
Bank interest income	5	(1,306)	(803)

7. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Interest on bank loans, overdrafts and other loans wholly repayable within five years	12,550	14,573
Less: Interest capitalised	–	–
	12,550	14,573
Other finance costs:		
Interest on discounting of bank accepted notes	5,262	3,406
	17,812	17,979

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 2014 (For the six months ended 30 June 2013: 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 2014 (For the six months ended 30 June 2013: 28%).

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the Group 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 2014 was 15% (For the six months ended 30 June 2013: 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 2014 and 2013.

	For the six months ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Group:		
Current – Mainland China		
Charge for the period	**–**	–
Under provision in prior years	**8**	1,471
Current – USA		
Under provision in prior years	**6**	–
Deferred (note 22)	**91**	91
Total tax charge for the period	**105**	1,562

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 (For the six months ended 30 June 2013: 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	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	(95,899)	(72,383)

	Number of shares	
	2014 '000	2013 '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 2014 and 2013.

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

During the six months period ended 30 June 2014, the acquisitions of property, plant and equipment approximated to RMB1,777,000 (the six months period ended 30 June 2013: RMB7,875,000).

During the six months period ended 30 June 2014, there were no material disposals of property, plant and equipment (the six months period ended 30 June 2013: Nil).

11. PREPAID LAND LEASE PAYMENTS

	2014 RMB'000 (Unaudited)
Carrying amount at 1 January 2014	86,687
Recognised during the period	(938)
Carrying amount at 30 June 2014	85,749
Current portion included in prepayments, deposits and other receivables	(1,875)
Non-current portion	83,874

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

12. OTHER INTANGIBLE ASSETS

	Software RMB'000	Trade name RMB'000	Customer relationships RMB'000 (Note i)	Technology RMB'000 (Note ii)	Service concession arrangement RMB'000 (Note iii, iv)	Alluvial-gold Mining RMB'000	Total RMB'000
30 June 2014							
Cost at 1 January 2014, net of accumulated amortisation	720	13,167	–	22,234	–	10,640	46,761
Additions	–	–	–	–	–	–	–
Amortisation provided during the year	(51)	(458)	–	(1,224)	–	(4,560)	(6,293)
Exchange realignment	–	–	–	118	–	–	118
At 30 June 2014	669	12,709	–	21,128	–	6,080	40,586
At 30 June 2014							
Cost	1,024	18,124	28,903	31,938	131,306	18,240	229,535
Accumulated amortisation	(355)	(5,415)	(9,974)	(10,810)	(75,994)	(12,160)	(114,708)
Impairment	–	–	(18,929)	–	(55,312)	–	(74,241)
Net carrying amount	669	12,709	–	21,128	–	6,080	40,586

Notes:

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

13. INVENTORIES

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Raw materials	41,992	46,955
Impairment	(303)	(303)
	41,689	46,652

14. CONSTRUCTION CONTRACTS

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Gross amount due from contract customers	128,183	156,446
Impairment	(89,030)	(96,546)
	39,153	59,900
Contract costs incurred plus recognised profits less recognised losses to date	148,524	210,100
Less: Progress billings	(109,371)	(150,200)
	39,153	59,900

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

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
At 1 January	96,546	85,471
Impairment losses recognised	69	14,091
Impairment losses written off	(7,585)	(3,016)
	89,030	96,546

15. TRADE AND BILLS RECEIVABLES

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Bills receivable	4,000	11,297
Trade receivables	181,218	219,492
Impairment	(43,114)	(63,574)
	142,104	167,215

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

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

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Within 3 months	41,356	35,460
3 to 6 months	3,336	6,667
6 months to 1 year	13,530	13,341
1 to 2 years	15,522	30,656
Over 2 years	3,742	1,033
	77,486	87,157

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 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Within 3 months	5,554	3,631
3 to 6 months	7,139	11,015
6 months to 1 year	6,673	6,045
1 to 2 years	14,053	21,158
2 to 3 years	22,595	20,527
Over 3 years	4,604	6,385
	60,618	68,761

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

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
At 1 January	63,574	38,397
Impairment losses recognized	–	38,682
Amount written off as uncollectible	(17,977)	(11,199)
Impairment losses reversed	(2,483)	(2,306)
	43,114	63,574

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB43,114,000 (31 December 2013: RMB63,574,000) with a carrying amount before provision of RMB52,858,000 (31 December 2013: RMB69,909,000).

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 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Neither past due nor impaired	128,360	149,583

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

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

16. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Prepayments	18,334	48,310
Deposits and other receivables	13,351	13,674
Impairment	(5,591)	(5,591)
	26,094	56,393

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

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
At 1 January	5,591	–
Impairment losses recognised	–	5,591
	5,591	5,591

Included in the above provision for impairment is a provision of RMB5,591,000 (31 December 2013: RMB5,591,000) for a long-aged deposits and other receivables with a carrying amount before provision of RMB5,591,000 (31 December 2013: RMB5,591,000).

17. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Note	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Cash and bank balances		29,793	32,580
Time deposits		229,564	159,963
		259,357	192,543
Less: Pledged time deposits:			
Pledged for short term bank loans	20(a)	(33,785)	(63,445)
Pledged for bank guarantee letters and bank accepted drafts		(195,779)	(96,518)
		29,793	32,580

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("**RMB**") amounted to RMB8,624,000 (31 December 2013: RMB22,640,000). 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 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Within 3 months	36,591	56,235
3 to 6 months	47,429	48,765
6 months to 1 year	42,822	32,006
1 to 2 years	30,316	30,057
Over 2 years	10,128	11,478
	167,286	178,541

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

19. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Other payables	126,407	83,653
Accruals	14,660	14,630
	141,067	98,283

Other payables are non-interest-bearing.

20. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 30 June 2014 (Unaudited)			As at 31 December 2013 (Audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – unsecured	4-9	2014-2015	510,890	2-9	2014	484,439
Bank loans – secured	6	2014	32,000	6-7	2014	54,500
			542,890			538,939
Non-current						
Bank loans – unsecured	7	2015	30,000			–
			572,890			538,939

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	542,890	538,939
In the second year	30,000	–
	572,890	538,939

Notes:

(a) The Group's certain bank loans of RMB32,000,000 (31 December 2013: RMB54,500,000) are secured by the pledge of the Group's time deposits amounting to approximately RMB33,785,000 (31 December 2013: RMB63,445,000).

(b) The Group's other remaining bank loans of RMB540,890,000 are unsecured, bearing interest rates from 4%-9% and are repayable in 2014 and 2015.

(c) Except for a bank loan of approximately RMB88,600,000 (31 December 2013: RMB87,795,000) 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 2014 are as follows:

Deferred tax liabilities

	Revaluation of intangible assets RMB'000 (Unaudited)
At 1 January 2014	6,247
Deferred tax credited to the income statement during the period	(173)
Gross deferred tax liabilities at 30 June 2014	6,074

Deferred tax assets

	Government subsidy RMB'000 (Unaudited)
At 1 January 2014	2,839
Deferred tax charged to the income statement during the period	(264)
Gross deferred tax assets at 30 June 2014	2,575

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

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Tax losses	128,498	115,926

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 2014, 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 2014	28,390
Release during the year (note 5)	(2,644)
At 30 June 2014	25,746

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. 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.

24. SHARE CAPITAL

Shares

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Authorised:		
2,400,000,000 (31 December 2013: 2,400,000,000) ordinary shares of US$0.01 each	24,000	24,000
Issued and fully paid:		
1,245,000,000 (31 December 2013: 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 2014 and 2013.

25. CONTINGENT LIABILITIES

At the end of the six months period ended 30 June 2014, the Group did not have any significant contingent liabilities.

26. OPERATING LEASE ARRANGEMENTS

As lessee

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

At 30 June 2014, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 30 June 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Within one year	3,117	2,492
In the second to fifth years, inclusive	6,150	3,627
	9,267	6,119

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 2014 RMB'000 (Unaudited)	As at 31 December 2013 RMB'000 (Audited)
Contracted, but not provided for:		
Plant and machinery	2,018	1,870

28. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2014 RMB'000 (Unaudited)	2013 RMB'000 (Unaudited)
Short term employee benefits	7,106	6,871
Pension scheme contributions	264	248
Total compensation paid to key management personnel	7,370	7,119

29. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 August 2014.

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 focus on 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 Groups 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 proceeded with a three year order 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. Though certain areas in the Middle East is suffered from political unrest during the period under review, the customer of the project and the location of the work sites are still continuing normal operations.

The latest development 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. Subsequent to the issue of the View, the State Council has issued the "Action Plan on Prevention and Control of Air Pollution"《大氣污染防治行動計畫》 in September 2013 (the "**Action Plan**") and introduced ten measures to achieve such objectives. Most recently, in March 2014 during the annual session of China's National People's Congress, the prime minister, Li Keqiang, in his maiden speech, said that the country must "declare war" on pollution.

Operations Review

The Group has participated in the various new project bidding initiated by the View and the Action Plan and has attained more feedback and inquiries from the Chinese market under such national policies.

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 decreased by 15.1% to approximately RMB45.1 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.

Turnover of waste heat recovery products recorded a decrease to approximately RMB46.8 million for the Period (for the six months ended 2013: approximately RMB60.7 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 increased by 49.3% to approximately RMB24.3 million.

WASTE HEAT POWER GENERATION

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

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

The Group's second waste heat power generation project in Kunming city, Yunnan province, China (the "**Yunnan Project**") is related to a cooperative agreement between Greens Kunming and Malong Chemical. The Yunnan Project comprises the technological upgrade of the waste heat power generation system of a chemical factory in consideration of the electricity and steam sales revenue for six years. The waste heat power generation facilities of the Yunnan Project are operational during late 2011. The operation rights of the Yunnan Project have been recorded as a financial asset and an intangible asset in the consolidated financial statements of the Group for the year. Part of the accompanying guaranteed revenue to be paid by the chemical factory to the Group has been recorded as a financial asset for the year. Except for the guaranteed revenue mentioned above, the Yunnan Project is recorded on a similar basis to that of the Group's existing Baicheng project. No revenue has been generated from the Yunnan Project during the year (for the year ended 31 December 2012: Nil). The chemical factory failed to provide any waste heat to the Group's power generation facilities installed into the chemical factory's premises and at the same time refused to pay to the Group the related monthly minimum payment specified by the contract. The Group has managed to take appropriate actions to safeguard its rights under such disputes. Full impairment provision was provided for the project as at 31 December 2012.

Operations Review

During the period under review, the Group is pursuing to recovery the impaired investment and accounts receivables from its two waste heat power generation projects through taking legal action and arbitration. Progress has been attained in various areas though the claim and collection process has not yet been finalized as of 30 June 2014.

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 increased by approximately 37.5% to RMB11.9 million as compared to the corresponding period last year.

ALLUVIAL-GOLD MINING

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

Due to low temperature and instability of water supply, the operation suspended from January 2014 to May 2014 and the revenue decreased to approximately RMB4.7 million for the Period.

A. TURNOVER AND GROSS MARGIN

As discussed in the business review above the Group's revenue for the Period has decreased to RMB132.8 million, representing a decrease of approximately 10.6% (for the six months ended 30 June 2013: approximately RMB148.5 million).

The Group's reported gross margin for the Period has decreased from 21.9% to 1.6% for corresponding period last year. The Board wishes to point out that the weakened gross margin was mainly attributable to delayed order placements and delay of production schedules due to overall project delays affecting additional overhead absorption of production projects affected.

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

	For the six months ended 30 June	
Gross margin by products	2014 (%)	2013 (%)
Economisers	17.3%	19.3%
Waste heat recovery products and boiler components	-22.7%	22.7%
Marine products	18.9%	11.3%
Service & repairs	50.3%	27.8%
Waste heat power generation	–	56.4%
Wind turbine tower	–	-2.8%
Alluvial-gold mining	-90.1%	–

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

B. OVERHEADS

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

C. OTHER INCOME AND GAINS AND OTHER EXPENSES

The Group recorded other income and gains of approximately RMB4.3 million for the Period (for the six months ended 30 June 2013: approximately RMB4.0 million). The amount mainly included subsidy income of RMB2.6 million in Tongliao Greens in respect of amounts received from the local government, amortised over the applicable period.

Other expenses for the Period amounted to approximately RMB22.4 million (for the six months ended 30 June 2013: approximately RMB16.0 million). Net amount of RMB20.3 million was recorded as impairment loss due to accounts receivable written off as uncollectible in relation to the factoring of long outstanding accounts receivable. The figure reported for the corresponding period last year 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 the same customer in China.

D. NET LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Group's net loss attributable to equity holders for the Period amounted to approximately RMB95.9 million (for the six months ended 30 June 2013: approximately RMB72.4 million). Such increase in loss was primarily attributable to the to the decrease in turnover, significant reduction in gross profit for the period under review and the additional impairment loss of accounts receivable.

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 2014, the Group had approximately RMB29.8 million in cash and cash equivalents, compared to approximately RMB32.6 million as at 31 December 2013 (excluding pledged balances).

F. CAPITAL EXPENDITURE

The Group's capital expenditures amounted to approximately RMB1.8 million during the Period (for the six months ended 30 June 2013: approximately RMB7.9 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 2013 as reference:

	As at 30 June 2014	As at 31 December 2013
Current ratio	0.56	0.60
Net debt to equity	-556.1%	875.6%
Gearing ratio	-1,016.1%	1,362.3%

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 2014, 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 2013 of the Company.

Financial Review

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 2014, there were not any contingent liabilities incurred by the Group (as of 31 December 2013: Nil).

K. PLEDGE OF ASSETS

As at 30 June 2014, the Group had pledged cash and bank deposits of approximately RMB229.6 million (as of 31 December 2013: approximately RMB160.0 million) to secure certain bank borrowings and banking facilities of the Group.

L. FOREIGN EXCHANGE RISK

As at 30 June 2014, the balance of the bank balances and cash maintained and recorded by the Group (including pledged bank deposits) consisted of HK dollars, Renminbi, US dollars and others in the respective proportions of approximately 0.1%, 71.5%, 26.1% and 2.3% (as at 31 December 2013, HK dollars, Renminbi, US dollars and others accounted for approximately 0.1%, 49.2%, 35.6% and 15.1% respectively of the bank balance of the Group).

The sales, purchases and bank borrowings of the Group during the Period and in 2013 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 2014, the majority of the bank borrowings of the Group are floating rate borrowings and carry interest ranging from 4% 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 2013: 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 2014, the Group employed a total of 764 staff (as of 31 December 2013: 816 staff). During the Period, the staff costs (excluding the directors) of the Group were approximately RMB37.8 million (for the six months ended 30 June 2013: approximately RMB41.8 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.

Financial Review

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 2014, the total order backlog as at 30 June 2014 was approximately RMB534 million (as at 31 December 2013: RMB505 million). The following table sets forth, by business segment, the Group's order backlog as of 30 June 2014 and 31 December 2013.

	As of 30 June 2014 To be delivered in		As of 31 December 2013 To be delivered in	
	2014	2015	2014	2015
	RMB million	RMB million	RMB million	RMB million
Economisers	78	–	55	–
Waste Heat Recovery Systems and boiler components	182	206	189	201
Marine Products	17	29	36	3
Service & Repairs	22	–	21	–
Total	299	235	301	204

Prospect, Future Plans and Strategies

Looking forward, the market opportunities for the Group would continue to expand due to global focus on environmental improvement and energy efficiency and ever tightening controls and restraints on emissions from fossil fuel power stations. The global reference lists for the Group's core product – economisers have more than 1000 installed units of which some 500 units have been supplied from GREENS China production base in this last 10 years many of which are installed on modern coal fired boilers for plant in the range 300MW to 1100MW capacity. This is where GREENS continue to see success, despite competition, since it has demonstrated a strong market leadership and capability to provide cost effective design solutions and improvements and such equipment is not able to be replaced by alternative designs. GREENS has successfully demonstrated in the last 3 years that its economizers can be upgraded by adding corrosion resistant low temperature sections to extract even further heat from exhaust gas.

The Group's overall waste heat recovery experience covers many applications in power stations, process, industrial and marine applications and all these market segments are focused to replace or improve equipment that does not meet the latest legislation in terms of energy efficiency and reduction of emission.

In all sectors of the industry and in most markets around the world, the installed base of GREENS has continued to climb as emphasis has moved towards various Clean Energy solutions and modern and more sophisticated fossil fuel burning solutions.

GREENS equipment has been supplied to most major power boiler companies on all major continents and as power plants are upgraded or replaced with larger capacity power boilers right up to 1100MW size, the economizer is still an essential component part. In recent years, GREENS have developed the low temperature economisers that can operate in corrosive environments and pursues other opportunities for large value solutions to enhance boiler efficiency and reduce exhaust temperatures and emissions. Gas to Gas airheaters have long been seen as a method that has been progressed these last two years and now can be applied to China where the largest installed base of coal fired power boilers exists.

Government policies are catalyst to such improvements and the GREENS solution is cost effective just as the GREENS economizer has been for many years. Customers have no alternative but to invest so they accept innovation without usual excessive commercial demands.

The core products of GREENS therefore still offer good opportunities for orders in China that provides a stable base load despite delays that have occurred outside China in new capital investment projects.

Prospect, Future Plans and Strategies

Whilst China has been the subject of much publicity in recent years regarding the need for environmental improvement, it is directly related to the fact that most of the industrial output worldwide has moved to Asia and mid-Asia and so waste heat recovery products as well as combustion equipment improvement and energy efficiency measures apply across all sectors in these areas has accumulated notable market demand. These last few years has seen a remarkable growth in capital investment in power stations much of which is coal based and older facilities are being upgraded or replaced with later technology and complemented by using cleaner fuels where such options are feasible such as biomass and gas firing (i.e. cogeneration projects). China is installing many gas fired power stations since more and more gas is available from imports and after the major investments in LNG terminals and major pipelines reached adequate stages of completion. Gas fired power stations need large HRSG's that is a core product requiring the facilities and skills that GREENS has available and at least two major International suppliers of HRSG's see GREENS as the ideal partner to pursue the China market these next few years.

Countries throughout Asia and mid-Asia are also suffering from severe air pollution, "Smog", that have now reached levels where pressures are placed on the respective governments to take action to protect public at large. Pressures have intensified during year 2013 and 2014. On the other hand, countries in Europe have been taking action in this area for a number of years and recently even USA has had to admit it needed to take stronger action.

For some time major economies like China and USA have invested in other markets requiring support to increase power capacity and cleaner forms of energy whilst their domestic markets became lesser priority. Companies like GREENS who have the track records, reputation and capability to trade in overseas markets therefore have an advantage and more Chinese companies exporting overseas are seeking an international brandname and references to allow them to offer their products and services at competitive rates.

Globally, there is increasing intensity to improve thermal efficiency and reduce emissions in order to meet promised targets of various governments. Severe penalties are already in place for counties that are of non-compliant. 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 materialize because of the subsidies required to encourage investment.

So new opportunities are being created where skills and track record are required and projects that provide a reasonable return on investment sit alongside essential upgrading projects to meet latest legislation. GREENS already had a strong reputation developed over many years so now the Group maintains its focus on projects that are mandatory and have approval to proceed with that require skills and technology that are proven where their competitive edge in design and manufacturing can be applied.

Prospect, Future Plans and Strategies

Advancements in technology and economical pressures have now resulted in significant progress in the extraction of fuels from difficult locations and also make the burning of domestic waste and lower calorific value fuels with less sulphur content commercially viable. The exploration of shale gas in particular is expected to reduce the cost of energy changing the face of industry with much less dependence on the Middle East. This is already presenting opportunities for the supply of conventional power generating equipment around which the Group has built its reputation in recent years. The ever increasing volumes of domestic refuse and the restrictions on land fill sites has required many local authorities in developed countries to invest in waste to energy projects. Coal plants are being converted to biomass and this requires skills and experience that GREENS provides. Likewise continents where deeper offshore exploration has been successful present other opportunities for equipment and services that the Group supplies. All this policy change is requiring urgent investment and this is creating opportunities for companies in the power generation, energy efficiency and environmental protection segments.

Shorter term solutions such as diesel engine power projects are being installed in more remote areas where access to prime fuels is restricted and particularly in developing countries such as Bangladesh and also in parts of the Middle East. 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 need to be delivered in less than 12 months. When the competition is less intense that means margins can be better.

CHINA AND MID ASIA

Basic national targets for China and mid Asia, including India, are still unchanged. During early 2014, major cities in China such as Beijing and Shanghai have announced their respective environment protection plans including the rectification of small coal-fired boilers and upgrade of facilities of coal-fired steel mills, cement plants and power plants.

Meanwhile, markets like India, Bangladesh and Pakistan and some African countries are very active because of their targets to respond to power demands and development of the infrastructure. A new government has now been elected in India, the foreseeable change in the country is expected to enable many suspended projects to be sanctioned to proceed and investment funds allocated made available again. In the meantime, the group's claims against a former major customer in India through local court and international arbitration are likely to have significant progress given the revival of the power industry in India. Whilst prospects in India have started to build up again, Bangladesh and parts of the Middle East are already showing great potential and the Group has already supplied equipment and developed relationships with customers who are very active main contractors in these markets.

Prospect, Future Plans and Strategies

In the past three years, 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.

OTHER INTERNATIONAL MARKETS

Although the Group's markets in USA and Europe had not fully recovered during early 2014, 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 Middle East and the solid infrastructure upgrading plans in the USA market.

The international group office in Singapore is now in full operations and has successfully secured certain major FPSO projects and now targets more orders from FPSO markets in South Asia 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 Singapore Office several key projects are being pursued in that region of South Asia to build on prior experience and references and even opportunities are being persued through our Japan agent. Though the Japan domestic market is still quieter than required, the Japanese customers to whom the Group supports are very active in overseas markets. It is expected that the Group will attain new orders in the short to medium run in support of these initiatives.

After a slow-down of orders from USA customers from 2013, the USA subsidiary of the Group is still confident that sizable jobs could be attained soon. And it is also targeted to penetrate the speciality waste heat recovery boilers and process boilers markets in the country where the Group's combustion section in UK could offer key experience and support. 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 as gas prices have tumbled but parallel efforts are required to capitalize on the work to date by the USA subsidiary of the Group and Greens Combustion in UK. One major project was secured late in 2013 that is currently being supplied in association with a long established associated company in USA. Other major companies have offered chance of exclusive arrangements in the process boilers market where domestic competitors have enjoyed a boom. Besides, the onset of shale gas production and power plants fueled by such new fuel supply this is also expected be a rapid development of other markets as well as many opportunities for the power industry.

Prospect, Future Plans and Strategies

To facilitate such new potential in USA and the international 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.

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 subsidiaries in Wakefield, UK have already re-engineered their 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 supported by the technical skills available in the India office and China. 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 in the Middle East. This project demonstrates the need for skills that GREENS have available and opens up a market that the Group targets for. Several major projects are targeted as a result of the focus on active markets using our UK heritage and skills in China. 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 paragraphs the Group has formed a combustion company namely Greens Combustion Limited 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 Group's prior product experience in industrial and marine markets. This will therefore form an upstream expansion of the Group's core operation and it is expected that GREENS Combustion 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

Whilst the suspension of many major infrastructure development projects resulted in stagnation in the power industry whereas largely due to financial restraints of governments in various countries during recent years, it is now believed that funding support is being released among those countries and so the recent few years slow down in the power markets is likely to come to an end and heat transfer industry worldwide is expected to start improving. Unfortunately the Group has suffered from major customers' difficulties to honor obligations and payments, resulting in the hold-up of funds available to the Group that causes pressures to its operations. This has brought added problems to the Group's unsatisfactory financial position.

In order to tackle the situation and resume the financial strength of the Group in the near term, the management have been actively identifying new sources of finance including various equity and debt financing alternatives with the assistance of financial professionals. Various inquiries and discussions are in progress and the Group would update the public according to the relevant rules and regulations as and when appropriate.

The order book level as of 30 June 2014 has exceeded RMB500 million representing duly signed orders which being secured for execution during the next two years. Such order backlog explains the fact that the Group still maintained its business potential under the prevailing harsh market sentiments.

The management will continue to implement more stringent cost efficiency control of the Group during 2014 while from time to time conducting reviews of production process, possible acquisition of efficiency enhancing equipments and more advanced engineering know-how.

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 2014, 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 2013 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 2014, 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 of 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 2014, 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 ordinary shares of the Company (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. iu 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 2014, 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 2014.

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 2014.

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 2014.

* *for identification purposes only*