Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

GREENS

GREENS HOLDINGS LTD
格菱控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 01318)

PRELIMINARY FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

PERFORMANCE HIGHLIGHTS

Revenue for 2013 was approximately RMB374.6 million, representing a decrease of 1.3% as compared with last year due to challenging trading conditions during the year 2013.

Loss attributable to owners of the Company for 2013 was approximately RMB203.1 million, representing a significant decrease as compared with last year.

Basic loss per share for 2013 amounted to RMB0.16, representing a decrease of approximately 59.0% as compared with last year.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2013.

The board of directors (the "**Board**") of GREENS HOLDINGS LTD (the "**Company**") hereby present the consolidated final results for the year ended 31 December 2013 for the Company and its subsidiaries (collectively, the "**Group**") together with comparative figures for the year ended 31 December 2012.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2013

	Notes	**2013**	2012
		RMB'000	*RMB'000*
REVENUE	*5*	**374,628**	379,470
Cost of sales		**(339,190)**	(432,460)
Gross profit/(loss)		**35,438**	(52,990)
Other income and gains	*5*	**8,466**	17,810
Selling and distribution expenses		**(22,864)**	(44,030)
Administrative expenses		**(132,540)**	(145,866)
Other expenses		**(58,935)**	(240,056)
Finance costs		**(35,817)**	(35,228)
LOSS BEFORE TAX	*6*	**(206,252)**	(500,360)
Income tax credit		**3,164**	11,270
LOSS FOR THE YEAR		**(203,088)**	(489,090)
Attributable to:			
Owners of the parent		**(203,072)**	(487,536)
Non-controlling interests		**(16)**	(1,554)
		(203,088)	(489,090)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*7*		
Basic and diluted			
– For loss for the year		**(RMB0.16)**	(RMB0.39)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2013

	2013	2012
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(203,088)**	(489,090)
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**(4,010)**	1,550
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(207,098)**	(487,540)
Attributable to:		
Owners of the parent	**(207,082)**	(485,986)
Non-controlling interests	**(16)**	(1,554)
	(207,098)	(487,540)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	31 December 2013 RMB'000	31 December 2012 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**282,423**	309,241
Prepaid land lease payments		**84,812**	86,688
Other intangible assets	*8*	**46,761**	40,006
Deferred tax assets		**2,839**	3,355
Total non-current assets		**416,835**	439,290
CURRENT ASSETS			
Inventories		**46,652**	49,608
Construction contracts	*9*	**59,900**	111,381
Trade and bills receivables	*10*	**167,215**	232,237
Prepayments, deposits and other receivables		**56,393**	95,546
Pledged deposits		**159,963**	121,921
Cash and cash equivalents		**32,580**	23,905
Total current assets		**522,703**	634,598
CURRENT LIABILITIES			
Trade and bills payables	*11*	**178,541**	271,284
Other payables and accruals		**98,283**	69,044
Interest-bearing bank and other borrowings		**538,939**	429,213
Due to directors		**36,947**	–
Tax payable		**12,629**	12,606
Total current liabilities		**865,339**	782,147
NET CURRENT LIABILITIES		**(342,636)**	(147,549)
TOTAL ASSETS LESS CURRENT LIABILITIES		**74,199**	291,741

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
31 December 2013

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**74,199**	291,741
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**6,247**	11,530
Deferred income	**28,390**	33,551
Total non-current liabilities	**34,637**	45,081
Net assets	**39,562**	246,660
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**85,004**	85,004
Reserves	**(45,442)**	161,640
	39,562	246,644
Non-controlling interests	**–**	16
Total equity	**39,562**	246,660

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) Limited, Clifton House, 75 Fort Street, P.O. Box 1350, George Town, Grand Cayman KY1-1108, Cayman Islands.

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

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

2. WORKING CAPITAL POSITION AND BASIS OF PREPARATION

For the year ended 31 December 2013, the Group had reported a net loss of RMB203,088,000 (2012: net loss of RMB489,090,000). As at 31 December 2013, the Group had net current liabilities of RMB342,636,000 (31 December 2012: net current liabilities RMB147,549,000) and outstanding bank loans of RMB538,939,000 (31 December 2012: 429,213,000) which were due for repayment within the next twelve months.

On 4 November 2013, the Group obtained a new bank facility of RMB110 million with due date on 31 December 2014, under which RMB20 million was withdrawn at end of 2013. On 19 December 2013, the Group renewed a bank facility of RMB70 million for one year, under which RMB68.5 million was withdrawn at the end of 2013. On 10 January 2014, the Group obtained another bank facility of RMB20 million with due date on 9 January 2015. On 20 March 2014, the Group renewed another bank facility of RMB30 million with due date on 4 December 2014, under which RMB30 million was withdrawn at the end of 2013. In March 2014, the Group also renewed another bank facility of RMB30 million with due date on 18 December 2014, under which RMB30 million was withdrawn at the end of 2013. Management of the Group considers they can borrow or renew the bank loans within the total facility limit of RMB260 million to repay the due debts in 2014 at least.

On 10 January 2014, the Group has successfully renewed a short-term bank loan of RMB40 million which was not under the above mentioned bank facilities for a further year to the end of December 2014.

In March 2014, the Group also has successfully extended the due date of amounts due to the directors with a total amount of approximately RMB37 million to year 2015.

In addition, the Group continues its efforts to obtain short-term bank loans and bank facilities, minimise capital expenditures, rationalise costs and enhance operating results. In the opinion of the directors, the measures have improved and will continue to improve the Group's working capital and debt maturity profile. Furthermore, the directors consider that the Group will be able to obtain ongoing support from its bankers and generate sufficient cashflows from future operations to cover its operating costs and to meet its financing commitments. Therefore the directors are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the twelve months from 31 December 2013. Accordingly, assuming the performance of the business is in line with the directors' expectations, the directors are satisfied that it is appropriate to prepare the accounts on a going concern basis. The accounts do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern. Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these potential adjustments have not been reflected in the financial statements.

3. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Government Loans*
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
IFRS 10	*Consolidated Financial Statements*
IFRS 11	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 10, IFRS 11 and IFRS 12 Amendments	Amendments to IFRS 10, IFRS 11 and IFRS 12 – *Transition Guidance*
IFRS 13	*Fair Value Measurement*
IAS 1 Amendments	Amendments to IAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
IAS 19 (2011)	*Employee Benefits*
IAS 27 (2011)	*Separate Financial Statements*
IAS 28 (2011)	*Investments in Associates and Joint Ventures*
IFRIC-Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of IFRSs issued in May 2012

Other than as further explained below regarding the impact of IFRS 13 and Amendments to IAS 1, the adoption of the new and revised IFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised IFRSs are as follows:

IFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other IFRSs. IFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in IFRS 13, the policies for measuring fair value have been amended.

The IAS 1 Amendments change the grouping of items presented in other comprehensive income ("**OCI**"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The consolidated statement of comprehensive income has been restated to reflect the changes.

4. OPERATING SEGMENT INFORMATION

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

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

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

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

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

(e) Wind turbine towers – tubular steel structures which hold the nacelles that include the generators.

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

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

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 loss before tax except that interest income, finance costs, fair value losses from the Group's financial instruments as well as head office and corporate expenses are excluded from this measurement.

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

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

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

Year ended 31 December 2013

	Economisers *RMB'000*	Waste heat recovery products and boiler components *RMB'000*	Marine products *RMB'000*	Waste heat power generation *RMB'000*	Wind turbine towers *RMB'000*	Services and repairs *RMB'000*	Alluvial-gold mining *RMB'000*	Total *RMB'000*
Segment revenue:								
Sales to external customers	119,899	142,009	47,262	10,968	2,054	24,789	27,647	374,628
Intersegment sales	–	–	–	–	–	–	–	–
	119,899	142,009	47,262	10,968	2,054	24,789	27,647	374,628
Reconciliation:								
Elimination of intersegment sales								–
Revenue								374,628
Segment results	(29,425)	14,830	12,906	(743)	(7,102)	11,012	(38,328)	(36,850)
Reconciliation:								
Elimination of intersegment results								–
Interest income								2,358
Unallocated gains								745
Corporate and other unallocated expenses								(136,688)
Finance costs								(35,817)
Loss before tax								(206,252)
Segment assets	21,631	143,526	16,624	406	113,367	3,111	19,303	317,968
Reconciliation:								
Elimination of intersegment receivables								–
Corporate and other unallocated assets								621,570
Total assets								939,538
Segment liabilities	103,673	485	–	19,573	33,472	1,695	58,914	217,812
Reconciliation:								
Elimination of intersegment payables								–
Corporate and other unallocated liabilities								682,164
Total liabilities								899,976
Other segment information:								
Impairment losses recognised in the 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.

Year ended 31 December 2012

	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*	Total *RMB'000*
Segment revenue:							
Sales to external customers	78,096	221,477	46,913	12,494	–	20,490	379,470
Intersegment sales	–	–	–	–	–	–	–
	78,096	221,477	46,913	12,494	–	20,490	379,470
Reconciliation:							
Elimination of intersegment sales							–
Revenue							379,470
Segment results	(51,131)	(124,228)	(1,139)	(95,361)	(18,993)	3,004	(287,848)
Reconciliation:							
Elimination of intersegment results							–
Interest income							2,488
Unallocated gains							2,350
Corporate and other unallocated expenses							(182,122)
Finance costs							(35,228)
Loss before tax							(500,360)
Segment assets	78,785	163,051	12,023	2,291	123,877	3,221	383,248
Reconciliation:							
Elimination of intersegment receivables							–
Corporate and other unallocated assets							690,640
Total assets							1,073,888
Segment liabilities	109,584	188	–	17,522	39,926	1,886	169,106
Reconciliation:							
Elimination of intersegment payables							–
Corporate and other unallocated liabilities							658,122
Total liabilities							827,228
Other segment information:							
Impairment losses recognised in the statement of profit or loss	27,603	129,444	–	80,318	–	1,308	238,673
Impairment losses reversed in the statement of profit or loss	–	–	–	–	–	(842)	(842)
Depreciation and amortisation	9,216	17,894	1,620	21,606	8,134	1,968	60,438
Capital expenditure*	4,843	14,726	1,067	–	–	918	21,554

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

Geographical information

(a) Revenue from external customers

	2013	2012
	RMB'000	*RMB'000*
The PRC	**266,767**	227,651
European Union	**48,452**	65,307
United States of America	**12,781**	52,015
India	**3,284**	24,638
Other countries	**43,344**	9,859
	374,628	379,470

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

(b) Non-current assets

	2013	2012
	RMB'000	*RMB'000*
The PRC	**383,622**	402,368
The United Kingdom	**29,612**	32,592
Other countries	**762**	975
	413,996	435,935

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

Information about major customers

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

Revenue of approximately RMB56,395,000 (2012: RMB26,201,000) was derived from sales by the economisers, waste heat recovery products and boiler components segments to customer A, including sales to a group of entities which are known to be under common control with that customer.

Revenue of approximately RMB3,225,000 (2012: RMB46,593,000) was derived from sales by the waste heat recovery products and boiler components segment to customer B, including sales to a group of entities which are known to be under common control with that customer.

5. REVENUE, OTHER INCOME AND GAINS

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:

	Notes	**2013** ***RMB'000***	2012 *RMB'000*
Revenue			
Construction contracts		**311,224**	346,486
Sale of goods		**38,615**	12,494
Rendering of services		**24,789**	20,490
		374,628	379,470
Other income and gains			
Bank interest income		**2,358**	2,488
Release of investment-related subsidy income	*i*	**5,161**	5,161
Subsidy income		**51**	165
Income from transfer agreements	*ii*	**–**	8,000
Foreign exchange differences, net		**–**	1,349
Others		**896**	647
		8,466	17,810

Notes:

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

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

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

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

    Baicheng Greens' revenue during the periods from mid-December 2012 to mid-June 2013 and from mid-June 2013 to mid-December 2013 were both lower than the target of RMB30 million. However, the independent third party did not pay to Baicheng Greens, thus the trust agreements was automatically terminated in line with the agreement clause, and Baicheng Greens did not record any other income in 2013.

6. LOSS BEFORE TAX

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

	Note	**2013** *RMB'000*	2012 *RMB'000*
Cost of inventories sold		**326,074**	417,046
Cost of services provided		**13,116**	15,414
Depreciation		**29,316**	31,130
Amortisation of other intangible assets	8	**11,076**	27,431
Minimum lease payments under operating leases:			
Land and buildings		**8,963**	8,110
Amortisation of land lease payments		**1,876**	1,877
Auditors' remuneration		**1,550**	2,531
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		**77,390**	74,475
Pension scheme contributions		**4,974**	5,461
		82,364	79,936
Foreign exchange differences, net		**720**	(1,349)
Impairment of accounts receivable		**36,376**	46,560
Impairment of construction contracts		**14,091**	85,471
Impairment of prepayments, deposits and other receivables		**(962)**	6,553
Impairment of inventory		**303**	–
Impairment of property, plant and equipment		**3,690**	–
Impairment of other intangible assets		**–**	74,241
Impairment of financial assets – amount due from a grantor		**–**	25,006
Fair value losses, net:			
Derivative financial instruments at fair value through profit or loss		**–**	–
Bank interest income		**(2,358)**	(2,488)

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

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

The calculation of basic loss per share is based on:

	2013	2012
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	**(203,072)**	(487,536)

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

The Group had no potentially dilutive ordinary shares in issue for the years ended 31 December 2013 and 2012.

8. OTHER INTANGIBLE ASSETS

Group

	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 rights RMB'000	Total RMB'000
31 December 2013							
Cost at 1 January 2013, net of accumulated amortisation	822	14,083	–	25,101	–	–	40,006
Additions	–	–	–	–	–	18,240	18,240
Amortisation provided during the year	(102)	(916)	–	(2,458)	–	(7,600)	(11,076)
Exchange realignment	–	–	–	(409)	–	–	(409)
At 31 December 2013	720	13,167	–	22,234	–	10,640	46,761
At 31 December 2013							
Cost	1,024	18,124	28,903	31,770	131,306	18,240	229,367
Accumulated amortisation	(304)	(4,957)	(9,974)	(9,536)	(75,994)	(7,600)	(108,365)
Impairment	–	–	(18,929)	–	(55,312)	–	(74,241)
Net carrying amount	720	13,167	–	22,234	–	10,640	46,761

Group

	Software	Trade name	Customer relationships	Technology	Service concession arrangement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(Note i)	*(Note ii)*	*(Note iii, iv)*	
31 December 2012						
Cost at 1 January 2012, net of accumulated amortisation	509	14,999	21,272	27,584	76,904	141,268
Additions	411	–	–	–	–	411
Amortisation provided during the year	(96)	(916)	(2,343)	(2,484)	(21,592)	(27,431)
Impairment during the year	–	–	(18,929)	–	(55,312)	(74,241)
Exchange realignment	(2)	–	–	1	–	(1)
At 31 December 2012	822	14,083	–	25,101	–	40,006
At 31 December 2012:						
Cost	1,024	18,124	28,903	32,315	131,306	211,672
Accumulated amortisation	(202)	(4,041)	(9,974)	(7,214)	(75,994)	(97,425)
Impairment	–	–	(18,929)	–	(55,312)	(74,241)
Net carrying amount	822	14,083	–	25,101	–	40,006

Notes:

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

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

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

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

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

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

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

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

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

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

9. CONSTRUCTION CONTRACTS

	Group	
	2013	2012
	RMB'000	*RMB'000*
Gross amount due from contract customers	**156,446**	196,852
Impairment	**(96,546)**	(85,471)
	59,900	111,381
Contract costs incurred plus recognised profits less recognised losses to date	**210,100**	298,061
Less: Progress billings	**(150,200)**	(186,680)
	59,900	111,381

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

	Group	
	2013	2012
	RMB'000	*RMB'000*
At 1 January	**85,471**	–
Impairment losses recognised	**14,091**	85,471
Impairment losses written off	**(3,016)**	–
	96,546	85,471

10. TRADE AND BILLS RECEIVABLES

	Group	
	2013	2012
	RMB'000	*RMB'000*
Bills receivable	**11,297**	12,141
Trade receivables	**219,492**	258,493
Impairment	**(63,574)**	(38,397)
	167,215	232,237

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

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

	Group	
	2013	2012
	RMB'000	*RMB'000*
Within 3 months	**35,460**	31,085
3 to 6 months	**6,667**	14,803
6 months to 1 year	**13,341**	45,020
1 to 2 years	**30,656**	27,946
2 to 3 years	**1,033**	14,200
	87,157	133,054

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

	Group	
	2013	2012
	RMB'000	*RMB'000*
Within 3 months	**3,631**	4,134
3 to 6 months	**11,015**	8,797
6 months to 1 year	**6,045**	8,804
1 to 2 years	**21,158**	58,022
2 to 3 years	**20,527**	6,304
Over 3 years	**6,385**	981
	68,761	87,042

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

	Group	
	2013	2012
	RMB'000	*RMB'000*
At 1 January	**38,397**	4,760
Impairment losses recognised	**38,682**	47,402
Amount written off as uncollectible	**(11,199)**	(12,923)
Impairment losses reversed	**(2,306)**	(842)
	63,574	38,397

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB63,574,000 (2012: RMB38,397,000) with a carrying amount before provision of RMB69,909,000 (2012: RMB44,701,000).

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in both interest and principal payments and only a portion of the receivables is expected to be recovered.

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

	Group	
	2013	2012
	RMB'000	*RMB'000*
Neither past due nor impaired	**149,583**	213,792

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

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

11. TRADE AND BILLS PAYABLES

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

	Group	
	2013	2012
	RMB'000	*RMB'000*
Within 3 months	**56,235**	114,127
3 to 6 months	**48,765**	44,258
6 months to 1 year	**32,006**	41,495
1 to 2 years	**30,057**	69,134
Over 2 years	**11,478**	2,270
	178,541	271,284

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

EXTRACT FROM THE INDEPENDENT AUDITOR'S REPORT TO BE INCLUDED IN THE FORTHCOMING ANNUAL REPORT 2013 OF THE COMPANY

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 2 to the financial statements which indicates that the Group incurred a net loss of RMB203,088,000 during the year ended 31 December 2013 and as of that date, the Group's current liabilities exceeded its current assets by RMB342,636,000. 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.

BUSINESS REVIEW AND ANALYSIS

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

Overall operations

2013 has continued to be a year of significant challenge for the Group. Demand from traditional markets remains to be weak and quite a number of major projects are either on hold or being suspended. Participants in the industry are eager to win tenders even it is not in their familiar business area. Keen competition has imposed significant pressure to gross margin and also causing more demand for operating cash flow to facilitate shorter production and delivery time for those rush orders. Consequently, it causes the Group's production facilities to operate at a level below its breakeven operation volume throughout the year.

Markets around Europe are still being sluggish which has continued to hinder the business of the Group in its home countries as being one of the leading European brandname in the industry. On the other hand, the Group has attained bundles of inquiries from the USA market where the booming shale gas power industry has brought about lots of opportunities for the Heat Recovery Steam Generators (HRSGs) and similar power equipment products of the Group which are principal equipment for gas-fired power plant.

International business platform

The Group's fully integrated international business platform has successfully widened the customer base of the Group. Firstly, the newly established sales team in Singapore has successfully entered the equipment supply and engineering service markets for Floating Production Storage and Offloading (FPSO) of the oil exploration industry. It is the Group's on-going target to enter the FPSO market and to become a qualified supplier. Secondly, the newly formed combustion equipment team in Southern England has built a solid foundation in the markets of combustion related equipment. GREENS is now a qualified supplier to the industrial combustion equipment industry. Thirdly, the Group's subsidiary in USA located in Minnesota has now becoming a full range qualified supplier of heat transfer solutions to customers in the country both including HRSGs and economisers. Fourthly, the international sales team of the Group has successfully opened up the southern Asia market including Bangladesh and has attained a number of orders for power plant projects in the region. Fifthly, the Group has successfully defeated a number of international competitors and won the Engineering Procurement and Construction (EPC) contract with a state-owned enterprises in the Middle East amounted to over RMB300.0 million for the design, production, procurement and erection of a series of equipment in an oil refinery. Finally, the India subsidiary has continued to be an active player in India to offer total solutions to main contractors and infrastructure developers in relation to boilers and other heat transfer products. In addition, in order to meet the more advanced quality requirement in international markets, the Group has engaged a group of boilers manufacturing experts from Korea to provide comprehensive production management services to its core production bases.

Economisers

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

The Group's sales of economisers in the year increased by 53.5% to approximately RMB119.9 million (for the year ended 31 December 2012: approximately RMB78.1 million) as compared with last year. Upgrading of coal-fired power plants in China has brought about strong rebound in market demand of economisers, however, part of GREENS's market share with major customers has gone to low cost supply that may not be as technically advanced as the Group's European design products. During the year, as emission reduction government legislation has been advanced to lower temperature facilities, GREENS's new series of economizers with the capability to work under lower temperature environment have established a firm market foundation.

Waste heat recovery products and boiler components

Waste heat recovery products cover a number of applications such as HRSGs, systems applied in gas-fired and oil-fired power plants, waste heat boilers and other waste heat recovery products which are primarily used in clean fuel and Waste-to-Energy power industry projects. Waste heat boilers are also used in industrial applications such as cement plants, coking plants and oil refineries to recover waste heat from daily operations and to reduce emissions. During the year, a majority of these products were supplied to customers in China, India, Bangladesh and Europe. Turnover of waste heat recovery products recorded a decrease in sales of 35.9% as compared with 2012 to approximately RMB142.0 million for the year (for the year ended 31 December 2012: approximately RMB221.5 million) as a result of weak market demand. In order to extend the markets of the Group's waste heat boilers and boilers related products under the prevailing sluggish market environment worldwide, the Group has managed to attain new orders from new markets such as USA, Middle East and other southern Asian countries and for new applications of the Group's products.

Marine products

Marine products are generally waste heat boilers, economisers, composite boilers and fired boilers for shipping applications. Many of the Group's customers in China and Singapore for marine products are shipyards located in mainland China. In order to diversify the segment into offshore oil exploration business, the Group has successfully attained orders for marine boilers installed onto FPSO through the Group's newly formed sales team in Singapore. During the year, sales of Marine products increased by 0.9% to approximately RMB47.3 million (for the year ended 31 December 2012: approximately RMB46.9 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.

Wind turbine towers

Subject to the contractionary policy towards wind power of the central government in China, the Group has suffered from significant reduction in demand for its products. Wind farms and developers for wind power and related investments is being more difficult in raising finance for new wind power projects. As a result, the demand for wind turbine towers produced by Tongliao Greens has dropped significantly. Moreover, most offers in the market are became more cash flow negative to the sellers. Given such unfavourable change in the wind turbine tower market, the Group has adopted a more conservative posture in accepting new orders after completing more than 150 sets of wind turbine towers from 2010 to 2011. For that reason, the plant in Tongliao, Inner Mongolia ran by Tongliao Greens has been practically suspended operations for substantial period of time in year 2012 and 2013. On the other hand, the Group has initiated a diversification of production capability of the plant in Tongliao to include the production of pressurized vessels. The plant has been awarded the Manufacture License of Special Equipment (Pressurized Vessels) in late 2012 which enable the plant in Tongliao to become qualified supplier of the new energy development projects in Inner Mongolia, including coal gasification projects. Turnover of RMB2.1 million was recorded in 2013 for additional billing on projects completed in previous years. (for the year ended 31 December 2012: Nil).

Service and repairs

These include boiler conversions, upgrades, general maintenance services on marine or land boilers, installations, testing and repairs. The Group's service and repair business has capitalised on its significant experience and expertise in heat transfer engineering. Revenue from services and repairs of approximately RMB24.8 million increased by approximately 21.0% as compared to last year (for the year ended 31 December 2012: approximately RMB20.5 million).

Alluvial-gold mining

Following two successful biddings during mid 2012, Kezhou Greens Mining Co. Ltd. ("**Kezhou Greens**") the Group's 51% owned subsidiary in XinJiang has acquired five mining rights on several plots of land in Aketao county, Kirzlesu Kerkirz city, Xinjiang Uygur Autonomous Region with possible alluvial gold deposit. All five mining rights 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 during its first year of operations and was suffered from losses during the year owing to a combination of unfavourable reasons including the drop in market price of gold in China, inefficiency in operations and unstable level of water supply.

FINANCIAL REVIEW

A. Turnover and gross margin

As discussed above the Group's revenue for the year has decreased to approximately RMB374.6 million, representing a decrease of approximately 1.3% (for the year ended 31 December 2012: approximately RMB379.5 million).

Meanwhile, the Group recorded a gross profit of approximately RMB35.4 million during the year (for the year ended 31 December 2012: gross loss of approximately RMB53.0 million). Though it is significant improvement in gross margin as compared with year 2012, the level for year 2013 is still unsatisfactory. This is mainly attributable to the significant drop in business volume whereas indirect costs such as factory overheads and engineering costs has increased the overall cost absorption of each project, the added costs on a number of delayed unfinished projects brought forward from previous year (increased design costs, materials costs and labour costs), the Group's entrance strategies into new markets and relationship building with new customers by undertaking lower margin projects, significantly increased competitive pricing pressures and a number of projects that needs to be reworked and leads to negative margins. In addition, the unsatisfactory performance of the alluvial gold mining project in XinJiang has brought negative impact on overall margins.

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

Revenue by operating segment

	For the year ended 31 December 2013		For the year ended 31 December 2012	
	RMB'000	***As a % of total revenue***	*RMB'000*	*As a % of total revenue*
Economisers	**119,899**	**32.0**	78,096	20.6
Waste heat recovery products and boiler components	**142,009**	**37.9**	221,477	58.4
Wind turbine towers	**2,054**	**0.6**	–	–
Marine products	**47,262**	**12.6**	46,913	12.3
Services and repairs	**24,789**	**6.6**	20,490	5.4
Waste heat power generation	**10,968**	**2.9**	12,494	3.3
Alluvial gold-mining	**27,647**	**7.4**	–	–
Total revenue	**374,628**	**100**	379,470	100

Gross margin by operating segment

	For the year ended 31 December 2013	For the year ended 31 December 2012
Economisers	**11.6%**	(5.1%)
Waste heat recovery products and boiler components	**13.0%**	(15.8%)
Wind turbine towers#	**100.0%**	–
Marine products	**26.0%**	5.9%
Services and repairs	**47.1%**	24.8%
Waste heat power generation*	**28.7%**	(110.7%)
Alluvial gold-mining	**(94.2%)**	–
Total gross margin	**9.5%**	(11.9%)

Being additional billing for wind turbine towers completed in previous years

* *Investment costs of waste heat power generation projects of the Group has been fully impaired in year 2012*

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

B. Overheads

Overhead levels (including sales and distribution expenses together with administrative expenses) dropped during the year as compared with the previous year. These costs are primarily to support daily operations in the China business (mainly staff costs, transportation and travelling expenses), group costs (staff costs and bidding costs for new projects for each product segments) and new business initiatives. As a result of the effective costs control measures in 2013, overheads of the Group is now kept under control while various business units of the Group has adopted stringent control measures including reducing new recruitments, cutting benefits, changing the organizational structure to reduce executive positions, and implementing lay off plan in some subsidiaries of the Group in order to streamline workforce.

C. Other income and other gains and losses

The Group recorded other gains of approximately RMB8.5 million for the year (for the year ended 31 December 2012: approximately RMB17.8 million). The amount mainly represented the subsidy income of RMB5.2 million in Tongliao Greens in respect of amounts received from the local government previously and to be amortised over the licence period together with the bank interest income of the year.

D. Other expenses

During the year, the Group has reported significant decrease in other expenses totaled to approximately RMB58.9 million (for the year ended 31 December 2012: approximately RMB240.1 million). It mainly comprises of the following non-recurring items:

i) Impairment of construction contracts amounted to approximately RMB14.1 million (for the year ended 31 December 2012: approximately RMB85.5 million) in relation to a number of prolonged incomplete projects including one for a customer in China related to economisers products. Reasons causing the suspension of such projects are mainly related to the financial problem of respective customer and overall project suspension as a result of external market factors.

ii) Impairment of trade receivable amounted to approximately RMB36.4 million (for the year ended 31 December 2012: approximately RMB46.6 million). Details of the impairment has been set out on Note 10 of the notes to financial statements.

iii) Impairment of non-current assets amounted to approximately RMB3.7 million (for the year ended 31 December 2012: nil) in relation to the wind turbine tower factory in Inner Mongolia.

E. Net loss attributable to owners of the Company

The Group's net loss attributable to equity holders for the year amounted to approximately RMB203.1 million (for the year ended 31 December 2012: approximately RMB487.5 million). Such decrease was primarily attributable to the non-recurring impairment losses recorded in 2012.

F. Liquidity, financial resources and capital structure

To date, the Group's operations have been primarily financed by cash generated from its operating activities and bank borrowings. During the year, the Group has put extensive control on its capital expenditure (CAPEX) in order to preserve cash resources for its daily operations. The Group's cash expenditures primarily consist of the purchase of raw materials and components from its suppliers, payments on manufacturing overheads and expenses on wages and salaries. As at 31 December 2013, the Group had approximately RMB32.6 million in cash and cash equivalents (excluding pledged balances), compared to approximately RMB23.9 million as at 31 December 2012 (excluding pledged balances). The increase in cash and cash equivalents in the year was a combined result of increase in bank borrowings and cash losses in operating activities.

G. Capital expenditure

The Group's capital expenditures amounted to approximately RMB24.6 million during the year (for the year ended 31 December 2012: approximately RMB21.6 million). The capital expenditure in the year was primarily attributable to acquisition of mining rights, devices and equipment for the mining projects in XinJiang and the additions of equipment to the core production base in JingJiang city.

H. Key financial ratios

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

	As at 31 December 2013	As at 31 December 2012
Current ratio	**0.60**	0.81
Net debt to equity	**875.6%**	114.9%
Gearing ratio	**1,362.3%**	174.0%

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

I. Use of proceeds from the Company's initial public offering

The net proceeds from the issue of new shares upon the listing of the Company on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 6 November 2009 amounted to approximately RMB437.0 million, after deducting the related expenses. By the end of September 2010, the Company has applied part of those proceeds in the ways as described in the prospectus of the Company dated 23 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 in June 2011, the Company further announced that it planned to reallocate and revise the use of the remaining balance of such proceeds as of 31 May 2011 of RMB194.0 million to other intended applications. As of 31 December 2013, approximately RMB14.0 million were still untilized and the Group is intended to apply such remaining balance in accordance with proposed uses as set out in the annual report 2011 of the Company.

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

J. Capital structure

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

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

K. Contingent liabilities

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

L. Pledge of assets

As at 31 December 2013, the Group had pledged cash and bank deposits of approximately RMB160.0 million (as at 31 December 2012: approximately RMB121.9 million) to secure certain bank borrowings, bank drafts and letters of credit of the Group.

M. Foreign exchange risk

As at 31 December 2013, the balance of the bank balances and cash maintained and recorded by the Group (including pledged bank deposits) consisted of HK dollars, Renminbi, US dollars and others in the respective proportions of approximately 0.1%, 49.2%, 35.6% and 15.1% (as at 31 December 2012, HK dollars, Renminbi, US dollars and others accounted for approximately 0.1%, 29.7%, 62.4% and 7.8% respectively of the bank balance of the Group).

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

N. Interest rate risks

As at 31 December 2013, the majority of the bank borrowings of the Group are floating rate borrowings with interest ranging from 2% to 9% per annum. The interest rate of loans which carries floating interest rates is calculated by reference to the benchmark interest rate prescribed by the People's Bank of China and are denominated in Renminbi. The Group currently does not use any derivative instruments to hedge its interest rate risks.

O. Significant investments held

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

P. Major acquisition and disposal

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

Q. Human resources

As at 31 December 2013, the Group employed a total of 816 staff (as of 31 December 2012: 1087 staff). During the year, the staff costs (excluding the directors) of the Group were approximately RMB82.4 million (for the year ended 31 December 2012: approximately RMB79.9 million). The staff costs include basic salary, performance salary and welfare expenses, whereby employees' welfare includes medical insurance plan, pension plan, public house reserves, unemployment insurance plan, and pregnancy insurance plan. The Group's employees are engaged according to the terms and provisions of their employment contracts and the Group normally conducts reviews over the remuneration packages and performance appraisal once every year for its employees, the results of which will be applied in the annual salary review for considering a grant of an annual bonus or not and in promotion assessment. The Group also studies and compares its remuneration packages with that of its peers and competitors and will make adjustments whenever necessary so as to maintain its competitiveness in the human resources market.

R. Pension scheme

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

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

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

During the year, the contribution to the above retirement benefit scheme made by the Group providing to the employees (excluding the directors) amounted to approximately RMB5.0 million (2012: approximately RMB5.5 million).

S. 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 which has not been recognised as revenue. Based on supply contracts entered into on or prior to 31 December 2013, the total order backlog as at 31 December 2013 was approximately RMB505 million (as at 31 December 2012: RMB231 million). The following table sets forth, by business segment, the Group's order backlog as of 31 December 2013 and 31 December 2012.

	As at 31 December 2013 To be delivered in		As at 31 December 2012 To be delivered in	
	2014	**2015**	2013	2014
	RMB million	***RMB million***	*RMB million*	*RMB million*
Economisers	**55**	**–**	77	–
Waste heat recovery systems and boiler components	**189**	**201**	72	–
Marine products	**36**	**3**	55	5
Wind turbine towers	**–**	**–**	–	–
Service and repairs	**21**	**–**	22	–
Total	**301**	**204**	226	5

During late 2012, the Group had entered into a new three years Engineering Procurement and Construction (EPC) contract with a state-owned enterprises in the Middle East amounted to approximately RMB300 million for the design, production, procurement and erection of a series of equipment in an oil refinery. The contract became effective when the Group secured the necessary bank finance to facilitate its cash requirement in 2013. Owing to its pre-matured nature in late 2012, it had not been included in the 2012 order backlog figures shown above.

T. Events after the reporting period

No significant event took place subsequent to 31 December 2013.

PROSPECTS, FUTURE PLANS AND STRATEGIES

In recent years most of Industrial output has moved to Asia and mid-Asia and with ever increasing growth in population. Countries in these regions, including China and India, are suffering from severe air pollution, "Smog", that has now reached levels where pressures are placed on the respective governments to take action to protect public at large. Pressures have intensified during year 2013.

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.

For some time major economies like China and USA have invested in markets requiring support to increase power capacity and cleaner forms of energy whilst their domestic markets became lesser priority. Companies 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 GREENS already have a strong reputation developed over many years. The Group maintains its focus on projects that have approval to proceed requiring skills and technology that are proven where their competitive edge in design and manufacturing can be applied.

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

During early 2014, major cities in China such as Beijing and Shanghai have announced their respective plans to pursue the Action Plan. The ten measures of the Action Plan has already been made public including the rectification of small coal-fired boilers and upgrade 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. It is the parliament election year in India, the possible change in government in India is expected to enable many suspended projects to be sanctioned to proceed and investment funds allocated made available. Whilst prospects in India have started to build up again, Bangladesh and parts of the Middle East are already showing great potential and the Group has already supplied equipment and developed relationships with customers who are very active main contractors in these markets. Whilst most boiler companies have suffered delays to projects in India the twelfth five years plan of India has set a target of constructing approximately 100GW of thermal power capacity from 2012 to 2017 as reported by the local media. The preferred solutions, that are also beneficial to the environment, are gas fired co-generation projects and India already invested in a national grid pipeline and several LNG terminals that were part of the long term plan to reduce dependence on coal. However, the final delivered price of gas and electricity price are key factors that encourage or discourage independent power developers that has affected the rate of progress and at the moment such investment is stalled until such time as government takes action through incentives or subsidies. A number of private developers placed their plans on hold suspending construction and these projects can be fast tracked for completion if a new government in India addresses the problem as part of the solution to improve the environment. In the meantime the country continues to try to meet demand by operating its coal fired power stations that are a major contributor to the environmental problems of India and many need upgrading and conversion to meet legislation. New projects in developing markets like India and Bangladesh are higher risk because of such indecision and rely on funding or overseas investment and based on the experience of the last few years suppliers are more careful requiring secure terms and guaranteed letters of credits that will dictate which projects are targeted and most likely to proceed.

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

In the past three years, the Group has established solid 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.

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

OTHER INTERNATIONAL MARKETS

Although the Group's markets in America and Europe had not fully recovered during 2013, there was already signs of turnaround and the momentum of such improvement in various segments, including but not least, the more active heat transfer products market in South Asia and the 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 the Group's agent in Japan several key projects are being pursued to build on prior experience and references and even though the Japan domestic market is still quieter than required the Japanese customers the Group support are very active in overseas markets and it is expected that the Group will attain new orders in 2014.

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. The subsidiary company in the US has taken a very proactive role that is preferred by customers. To continue the success and the positive response from the market, the Group would further enhance the sales and technical skills with priority on support of USA customers. Much focus has been placed on supporting key customers in USA who are confident of securing orders for major co-generation plant in 2014 as gas prices have tumbled. Besides, the onset of shale gas production and power plants fueled by such new fuel supply this is expected to produce many more opportunities for the power industry. To facilitate such new potential of the USA market, the Group has strengthened the management skills in its core manufacturing plant in Jing Jiang, China to satisfy end user requirements with good products delivered on time so as to match with competitors in other established but less competitive locations such as Korea.

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. 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. The project was now finalised as the Group has received a satisfactory letter of credit from the customer in Middle East. This project demonstrates the need for skills GREENS have available and opens a market that the Group targets for. Several major projects are targeted as a result of the focus on active markets using our UK heritage and skills in China. Singapore and India and domestically in the UK, the market is still focusing on waste to energy or retrofit and targets are to support the conversion of UK Power stations that are being converted to Biomass. All potential orders are being negotiated under secure contract terms that reduce commercial risk to a minimum.

As mentioned in the previous paragraph the Group has established a combustion company to complement many of the products already supplied and to enhance the technical skills. The main target is the international petro-chemical market as well as China and the core skills have been located in the South England, near London, where the requisite skills and core competences are readily available. The new venture has already had good successes and is on track against its business plan having developed a range of combustion products around the 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.

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

The order book level as of 31 December 2013 has reached a level of approximately RMB500 million orders being secured for the next two years. The order backlog explains the fact that the Group still maintained its business potential under the prevailing harsh market sentiments. The management has already formulated the necessary strategies to tackle such challenges including to diversify its target markets to other countries and to strengthen its upstream development to new products and new markets.

The management will 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.

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

Having a solid presence in the international capital market for years, the management would consider to take a more pro-active position in 2014. Not only for the sake of improving its existing financial position, the Group would consider any opportunities to widen its shareholder's base and to expand the size of equity financing of the Company. At the same time, the Group would also consider other forms of financial resources available in the capital market so as to strengthen the medium to long run financing structure of the Group. Given there are signs of significant rebound in the worldwide markets for GREENS's products, it is in the best interest of the Group to prepare for the upcoming growth in financing needs.

OTHER INFORMATION

Material Litigations and Arbitrations

During the year, the Group has no material litigations and arbitrations except the trading arm of the Group namely Greens Power Equipment (China) Co. Ltd. is currently taking legal and arbitration actions against some of its former customers and business partners for compensation against over-dued accounts receivables, compensation for breach of contracts and other claims. No judgement or arbitral awards has been obtained as of 31 December 2013.

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 year ended 31 December 2013.

Annual General Meeting

The annual general meeting of the Company will be held on Friday, 16 May 2014 at the core production base of the Group located at the administration building of No. 2 Jiang Ping Road(E), Xin Gang Industry Park, Jing Jiang Economic Developing Zone, Xie Qiao Town, Jing Jiang City.

FINAL DIVIDEND

The Board does not recommend payment of any final dividend for the year ended 31 December 2013 (2012: Nil).

Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the code of conduct for the directors of the Company in their dealings in the Company's securities. The Company, having made specific enquiries on all the directors of the Company, confirmed that all its directors have complied with the Model Code throughout the year ended 31 December 2013.

Audit Committee

The Company established the audit committee on 19 October 2009 with written terms of reference which have been adopted for the purpose of reviewing and providing supervision on the financial reporting process and internal controls of the Company as well as nominating and supervising external auditors and offering advice 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. The Audit Committee has reviewed the accounting principles and practices adopted by the Company and the financial results of the Group for the year ended 31 December 2013.

Corporate Governance

Throughout the year ended 31 December 2013, the Company has complied with both the code on Corporate Governance Practices which was amended as the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules with most of the amended provisions coming into effect on 1 April 2012 (the "**Code**"), from Code provision A.2.1 which states that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.

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

Publication of Annual Report

The 2013 annual report of the Company will be dispatched to the shareholders of the Company and published on the website of the Stock Exchange (www.hkexnews.hk) and the Company (www. greensholdings.com) in due course.

By order of the Board
GREENS HOLDINGS LTD
Mr. Frank Ellis
Chairman

Shanghai, 28 March 2014

As at the date of this announcement, the Board comprises three executive directors namely Mr. Frank Ellis, Mr. Xie Zhiqing and Ms. Chen Tianyi; Mr. Zhu Keming as non-executive director and three independent non-executive directors namely Mr. Jack Michael Biddison, Mr. Yim Kai Pung and Mr. Ling Xiang.

* *For identification purposes*