GREENFIELD CHEMICAL HOLDINGS LIMITED
嘉輝化工控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 582)

FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2007

The Board of Directors ("Directors") of Greenfield Chemical Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 2007 together with the comparative figures.

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December, 2007

	Notes	2007 HK$'000	2006 HK$'000
Revenue	2	**317,066**	279,133
Cost of sales		**(270,503)**	(219,002)
Gross profit		**46,563**	60,131
Other income		**17,840**	16,543
Distribution and selling expenses		**(13,864)**	(11,620)
Administrative expenses		**(37,587)**	(40,495)
Loss on partial disposal of a subsidiary		**(2,991)**	–
Interest on bank borrowings wholly repayable within five years		**–**	(2)
Share of profits of associates		**16,612**	17,451
Profit before taxation	3	**26,573**	42,008
Taxation	4	**(3,347)**	(13,042)
Profit for the year		**23,226**	28,966
Attributable to:			
Equity holders of the Company		**24,535**	28,966
Minority interests		**(1,309)**	–
		23,226	28,966
Dividends	5	**22,500**	27,500
Earnings per share, basic	6	**HK9.4 cents**	HK11.6 cents

* *For identification purposes only*

CONSOLIDATED BALANCE SHEET

At 31st December, 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**83,669**	70,418
Prepaid lease payments		**13,397**	8,082
Interests in associates		**28,685**	42,024
Available-for-sale investments		**10**	10
Deposit for acquisition of a subsidiary		**100,000**	–
Deposits for acquisition of property, plant and equipment		**–**	1,294
Deferred tax assets		**114**	25
		225,875	121,853
CURRENT ASSETS			
Prepaid lease payments		**320**	203
Inventories		**35,431**	33,110
Advances to an associate		**18,566**	15,000
Trade and other receivables	*7*	**102,815**	82,753
Dividend receivable from an associate		**4,500**	6,300
Tax recoverable		**1,164**	3,053
Bank balances and cash		**173,948**	47,212
		336,744	187,631
CURRENT LIABILITIES			
Trade and other payables	*8*	**53,933**	37,546
Deferred income		**–**	3,195
Amount due to related companies		**2,505**	133
		56,438	40,874
NET CURRENT ASSETS		**280,306**	146,757
		506,181	268,610
CAPITAL AND RESERVES			
Share capital		**30,000**	25,000
Reserves		**370,227**	243,610
Equity attributable to shareholders of the Company		**400,227**	268,610
Minority interests		**105,954**	–
Total equity		**506,181**	268,610

NOTES TO THE FINANCIAL STATEMENTS

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1st January, 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – INT 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) – INT 8	Scope of HKFRS 2
HK(IFRIC) – INT 9	Reassessment of Embedded Derivatives
HK(IFRIC) – INT 10	Interim Financial Reporting and Impairment

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting years have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 respectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) – INT 11	HKFRS 2 – Group and Treasury Share Transactions[2]
HK(IFRIC) – INT 12	Service Concession Arragements[3]
HK(IFRIC) – INT 13	Customer Loyalty Programmes[4]
HK(IFRIC) – INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3]

[1] Effective for annual periods beginning on or after 1st January, 2009

[2] Effective for annual periods beginning on or after 1st March, 2007

[3] Effective for annual periods beginning on or after 1st January, 2008

[4] Effective for annual periods beginning on or after 1st July, 2008

The Directors of the Company anticipate that the application of these new standards or interpretations will have no material impact on the results and the financial position of the Group.

2. REVENUE AND SEGMENTAL INFORMATION

Revenue represents the amounts received and receivable for goods sold, net of discount and sales related taxes, during the year.

The Group's primary format for reporting segment information is geographical segments (based on location of customers).

2007

	Hong Kong	The PRC	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE				
External sales	**195,576**	**121,490**	**–**	**317,066**
Inter-segment sales *(note)*	**166,284**	**85,956**	**(252,240)**	**–**
Total revenue	**361,860**	**207,446**	**(252,240)**	**317,066**
RESULTS				
Segment results	**13,562**	**7,999**		**21,561**
Interest income				**2,215**
Unallocated income				**7,002**
Unallocated expenses				**(17,826)**
Loss on partial disposal of a subsidiary				**(2,991)**
Share of profits of associates				**16,612**
Profit before taxation				**26,573**
Taxation				**(3,347)**
Profit for the year				**23,226**

2006

	Hong Kong	The PRC	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE				
External sales	181,740	97,393	–	279,133
Inter-segment sales *(note)*	144,736	88,351	(233,087)	–
Total revenue	326,476	185,744	(233,087)	279,133
RESULTS				
Segment results	28,897	12,187		41,084
Interest income				2,125
Unallocated income				5,129
Unallocated expenses				(23,779)
Finance costs				(2)
Share of profits of associates				17,451
Profit before taxation				42,008
Taxation				(13,042)
Profit for the year				28,966

Note: Inter-segment sales are charged at prices with reference to the prevailing market rates.

3. PROFIT BEFORE TAXATION

	2007	2006
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Directors' remuneration		
Fees	**582**	300
Other emoluments	**4,768**	8,425
Other employee benefits expense	**65,843**	50,115
Total employee benefits expense	**71,193**	58,840
Allowance for trade receivables	**1,176**	92
Amortisation of prepaid lease payments	**241**	200
Auditor's remuneration	**640**	872
Cost of inventories recognised as expense	**270,503**	219,002
Depreciation of property, plant and equipment	**10,910**	9,451
Loss on disposal of property, plant and equipment	**–**	775
Operating lease rentals in respect of rented premises	**1,025**	968
Share of taxation of associates (included in share of profits of associates)	**3,924**	3,054
and after crediting:		
Exchange gain, net	**2,397**	1,846
Gain on disposal of property, plant and equipment	**40**	–
Interest income earned from:		
Advances to associates	**1,333**	1,393
Bank deposits	**882**	732

4. TAXATION

	2007	2006
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong Profits Tax		
Current year	**1,733**	2,450
Under(over) provision in prior year	**932**	(14)
	2,665	2,436
Estimated provision relating to prior years	**–**	10,000
	2,665	12,436
PRC Income Tax		
Current year	**676**	520
Under(over) provision in prior year	**95**	(8)
	771	512
Deferred taxation	**(89)**	94
	3,347	13,042

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for both years.

Pursuant to the relevant laws and regulations in the PRC, the Company's PRC subsidiaries are entitled to an exemption from PRC income tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years. These PRC subsidiaries continue to enjoy their tax holiday during the year.

On 16th March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6th December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will gradually change the tax rate from 15% to 18%, and 24% to 25% for certain subsidiaries from 1st January 2008.

During the year ended 31st December, 2006, the Inland Revenue Department issued additional assessment in aggregate of approximately HK$11,001,000 to an indirect wholly-owned subsidiary of the Company disallowing its offshore claims in respect of its production activities for years of assessment 2002/03, 2003/04, 2004/05 and 2005/06. The Group had purchased tax reserve certificates totalling HK$11,001,000 and an amount of HK$10,000,000 was recognised as income tax expense against such tax reserve certificates in the last year and the remaining amount of tax reserve certificates of HK$1,001,000 was included in tax recoverable as at the balance sheet date. In the opinion of the Directors of the Company, the ultimate outcome of the additional assessment remains undetermined and the Group will continue to defend vigorously against the additional assessment.

5. DIVIDENDS

	2007	2006
	HK$'000	*HK$'000*
Dividends paid and recognised as distributions during the year:		
2007 Interim – HK2.5 cents (2006: 2006 Interim – HK3 cents) per ordinary share	**7,500**	7,500
2006 Final – HK3 cents (2006: 2005 Final – HK3 cents) per ordinary share	**7,500**	7,500
2006 Special – HK3 cents (2006: 2005 Special – HK5 cents) per ordinary share	**7,500**	12,500
	22,500	27,500

The Directors recommend the payment of a final dividend of HK3 cents per share and a special dividend of HK3 cents per share for the year ended 31st December, 2007. The proposed dividend for 2007 is subject to approval by the shareholders in the forthcoming annual general meeting.

6. EARNINGS PER SHARE

The calculation of basic earnings per share for the year is based on the profit for the year of HK$24,535,000 (2006: HK$28,966,000) and on the weighted average number of ordinary shares of 262,054,795 (2006: 250,000,000) in issue during the year.

No diluted earnings per share is presented as the Group did not have any potential ordinary shares in issue at any time during the year.

7. TRADE AND OTHER RECEIVABLES

	2007	2006
	HK$'000	*HK$'000*
Trade receivables from third parties	**81,639**	66,779
Trade receivables from an associate	**14,714**	14,492
Other receivables	**6,462**	1,482
	102,815	82,753

The Group allows a credit period of 30 to 90 days to its trade customers. The following is an aged analysis of trade receivables at the balance sheet dates:

	Trade receivables from third parties		Trade receivables from associates	
	2007	2006	2007	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0 - 30 days	**23,699**	18,841	**8,222**	12,571
31 - 60 days	**26,583**	19,517	**1,679**	1,310
61 - 90 days	**20,117**	15,223	**1,292**	274
Over 90 days	**11,240**	13,198	**3,521**	337
	81,639	66,779	**14,714**	14,492

8. TRADE AND OTHER PAYABLES

	2007	2006
	HK$'000	*HK$'000*
Trade payables to third parties	**34,059**	27,651
Trade payables to an associate	**4,212**	–
Other payables	**15,662**	9,895
	53,933	37,546

The following is an aged analysis of trade payables at the balance sheet dates:

	2007	2006
	HK$'000	*HK$'000*
0 - 30 days	**19,9991**	16,657
31 - 60 days	**10,498**	8,862
61 - 90 days	**2,706**	1,688
Over 90 days	**864**	444
	34,059	27,651

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 24th April, 2008 to 29th April, 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend of HK3 cents per share and special dividend of HK3 cents per share, all transfers accompanied by the relevant share certificates, must be lodged with the Company's Registrars in Hong Kong, Tricor Standard Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 23rd April, 2008. Dividend warrants will be dispatched on 6th June, 2008.

BUSINESS REVIEW

During the year ended 31st December, 2007, the Group had a consolidated turnover of HK$317,066,000, representing an increase of 14% from HK$279,133,000 of the previous year. The net profit attributable to shareholders during the year was HK$23,226,000, a decrease of 20%, in comparison with the figure of HK$28,966,000 in 2006. Earnings per share decreased from HK11.6 cents for last year to HK9.4 cents.

REVIEW OF OPERATIONS

The Group's increased turnover during the year was mainly due to the expansion of business scope and the launch of newly developed products to the market. However, as operating overheads and production costs, in particular, the prices of oil and other key raw materials and labour costs kept on rising, the increase in turnover was insufficient for the purpose of setting off the effect caused by such ascending operation costs in the year. In light of the customary narrow profit margin for manufacturing industries, only part of the rising operation costs can be shifted to customers. Hence, profit after taxation for the year decreased as compared with that of last year. The Group implemented stringent cost-controls including sourcing for less expensive raw materials and expanding the sources of supply, sought to rationalize and streamline the work and production process and to introduce a logistics system with a view to improving operational efficiency and productivity and enhancing the Group's competitiveness.

We continued to face cut-throat competition from some of our competitors who persisted in their strategy of price-cutting measures to maintain their market shares. In response to such competition, we kept on improving our product and service quality and providing quality product and service at reasonable price in order to maintain the confidence of and solidify the business relationship with our customers. We launched market campaigns to strengthen the presence of our Group and products in the market. We actively monitored market trends and our sales team regularly liaised with our customers to ascertain their feedback on our products and their needs in order to improve our products in time to their satisfaction such that we can maintain their confidence and their continual use of our products and services.

Seeking to mitigate the effect of the drop in business and to secure an immediate financial return for the purpose of obtaining additional resources, the Company disposed of its 49% interests in Rookwood Investments Limited, a major wholly-owned subsidiary of the Company.

In addition, Pacific Orchid Investments Limited ("Pacific Orchid"), the major shareholder of the Company, entered into a top-up arrangement with the placing agent and the Company, whereby Pacific Orchid signed a placing agreement with the placing agent to place 50,000,000 shares at a placing price of HK$2.5 per share and signed a subscription agreement with the Company to subscribe for the same number of new share at the same price each share. Upon the 50,000,000 share being placed and the new 50,000,000 share being subscribed, there were net proceeds of approximately HK$120,000,000.00 for use by the Group as general working capital.

Further, the Company, through its direct wholly-owned subsidiary, entered into a conditional agreement with independent third parties to acquire two coal mines in Inner Mongolia, the PRC, subject to the fulfillment of a number of conditions.

OUTLOOK

Operation overheads and production costs will continue to rise with ascending prices in oil and other key raw materials. However, demand for our products would also rise with the continual growth and improvement of the economy in China. The Group will strive to maintain and enlarge its market share in the China market. The Group will also work to reinforce its competitiveness, consolidate its relationship with customers, expand its customer base, increase the sale of its high-yield products and invest resources to enhance product quality.

In light of the increasingly difficult business operating environment, the Company has been endeavouring to maximize return for shareholders by capitalizing on good investment opportunities. In view of the growing demand for coal on a global scale and in the PRC, the Company considers it an opportune time to develop its investment and business into the natural resources sector. Hence, the Company, through its direct wholly-owned subsidiary, entered into a conditional agreement with independent third parties to acquire two coal mines in Inner Mongolia, the PRC, subject to the fulfillment of a number of conditions. Upon completion of the acquisition of the coal mines after fulfillment of such conditions, the Company will diversify into the coal mining business, and since the two coal mines are being exploited pursuant to the mining right permits granted by the appropriate authority, it is anticipated that the purchase of the coal mines will demonstrate the Company's ability to generate income and cash flow through its investment and trading activities in the natural resource sector.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31st December 2007, the Group had no borrowings outstanding. The Group has sufficient cash surplus to finance operation from internally generated cash flow. The Group maintained a satisfactory financial position derived from the steady growth of its business. As at 31st December 2007, the Group had cash on hand of HK$173,948,000 (31st December, 2006: HK$47,212,000).

PLEDGE OF ASSETS

As at 31st December 2007, the Group had pledged certain land and buildings in Hong Kong with a carrying value of approximately HK$2,348,000 (2006: HK$2,204,000) to a bank to secure credit facilities granted to the Group.

CAPITAL COMMITMENTS

	2007	2006
	HK$'000	*HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**1,043**	511

EXPOSURE TO FOREIGN EXCHANGE RISK

Business transactions of the Group are mainly denominated in Hong Kong dollars and Renminbi. Though the Group does not engage in any hedging contract, the Group's exposure to foreign exchange risk is minimal. In view of the revaluation of the Renminbi during the year, the Group will monitor the situation closely and will introduce suitable hedging measures if there are likely to be any changes in the value of the Renminbi that may have adverse effect on the Group.

EMPLOYEE AND REMUNERATION POLICIES

As at 31st December 2007, the Group had around 1,330 employees, including management and administrative staff as well as technical and production workers. Most of the Group's staff members were stationed in Mainland China while the rest were in Hong Kong. Remuneration, promotion and salary increments for the Group's staff were determined on the basis of individual performance as well as professional and working experience with due regard to prevalent industry practices.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year ended 31st December, 2007.

CORPORATE GOVERNANCE

Throughout the year under review, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the following deviations:

Code provision A.1.1

Code provision A.1.1 stipulates that, inter alia, the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals.

The Company held three full Board meetings in 2007 and this constituted a deviation from code provision A.1.1. The Company considers that the deviation is minor as the management regularly reported to the Directors on the Company's development through other channels. However, the Company will observe the code provision and comply with the requirement in 2008.

Code provision A.2.1

Code provision A.2.1 stipulates that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual.

The Company does not have a separate chairman and chief executive officer and Mr. Lau Yau Cheung, an Executive Director, currently assumes both roles. The Board believes that the vesting of the roles of chairman and chief executive officer in the same person provides the Group with strong and consistent leadership and allows for more effective planning and execution of long-term business strategies as well as ensuring effective oversight of management. The Board also believes that the Company already has a strong corporate governance structure and as such the present structure is considered to be appropriate under the circumstances.

Code provisions A.4.1 and A.4.2

Code provisions A.4.1 and A.4.2 stipulate that (a) non-executive directors should be appointed for a specific term and subject to re-election; and (b) all directors appointed to fill a causal vacancy should be subject to election at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Company does not fully comply with code provisions A.4.1 and A.4.2. The existing Non-executive Directors are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting.

The Board does not believe that arbitrary term limits on Directors' service are appropriate given that Directors ought to be committed to representing the long-term interests of the Shareholders.

Pursuant to the Articles of Association of the Company, the Directors are not subject to retirement by rotation at least once every three years. This constituted a deviation from code provision A.4.2. However, the Articles of Association requires one-third of the Directors (other than the Managing Director or Joint Managing Director) for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not exceeding, one-third, shall retire form the office by rotation at every annual general meeting.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

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 for securities transaction by Directors. Having made specific enquiry, all Directors confirmed that they have complied with the required standard set out in the Model Code during the year ended on 31st December, 2007.

AUDIT COMMITTEE

The Audit Committee has reviewed with management and the external auditors the accounting principles and practices adopted by the Group and has discussed auditing, internal controls and financial reporting matters including the review of the audited financial statements for the year ended 31st December, 2007.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to convey my heart-felt gratitude to all our employees for their diligence and contributions to the Group. I would also like to acknowledge the continual patronage of our customers, along with the support of our suppliers and shareholders. Not least, I am thankful to the guidance and leadership provided by my fellow Directors.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. Lau Yau Cheung and Mr. Tsui Robert Che Kwong as Executive Directors, Mr. Chung Tze Hien and Mr. Ng Seng Nam as Non-executive Directors, and Mr. Lau Siu Ki, Kevin, Mr. Wu Wing Kit and Dr. Chui Hong Sheung as Independent Non-executive Directors.

By Order of the Board
Lau Yau Cheung
Executive Director

Hong Kong, 17th March, 2008