GREENFIELD

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 31 DECEMBER 2010

The board (the "**Board**") of directors (the "**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 31 December 2010 together with the comparative figure.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

	NOTES	**2010** **HK$'000**	2009 *HK$'000*
Revenue	*3*	**310,524**	269,929
Cost of sales		**(219,521)**	(186,679)
Gross profit		**91,003**	83,250
Other income		**21,114**	32,358
Distribution and selling expenses		**(27,742)**	(23,715)
Administrative expenses		**(60,897)**	(56,452)
Other expense		**(5,534)**	—
Share of profits of associates		**54,065**	42,051
Finance cost — wholly repayable within five years		**(164)**	—
Profit before taxation	*4*	**71,845**	77,492
Taxation	*5*	**(8,259)**	(9,068)
Profit for the year		**63,586**	68,424
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**9,978**	295
Total comprehensive income for the year		**73,564**	68,719
Profit for the year attributable to:			
Owners of the Company		**24,950**	37,810
Non-controlling interests		**38,636**	30,614
		63,586	68,424
Total comprehensive income attributable to:			
Owners of the Company		**29,937**	37,956
Non-controlling interests		**43,627**	30,763
		73,564	68,719
Earnings per share, basic	*7*	**HK9.1 cents**	HK13.8 cents

* *For identification purposes only*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2010

	NOTES	2010 HK$'000	2009 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**76,501**	74,163
Prepaid lease payments		**34,740**	13,567
Interests in associates	*8*	**150,138**	105,893
Available-for-sale investments		**10**	10
Loans receivable		**—**	159,055
Deferred tax assets		**163**	163
		261,552	352,851
CURRENT ASSETS			
Prepaid lease payments		**842**	340
Inventories		**30,214**	21,572
Trade and other receivables	*9*	**84,869**	82,923
Tax recoverable		**94**	452
Bank balances and cash		**449,975**	165,498
		565,994	270,785
CURRENT LIABILITIES			
Trade and other payables	*10*	**45,429**	38,296
Tax payable		**7,209**	3,480
		52,638	41,776
NET CURRENT ASSETS		**513,356**	229,009
TOTAL ASSETS LESS CURRENT LIABILITIES		**774,908**	581,860
CAPITAL AND RESERVES			
Share capital		**27,286**	27,286
Reserves		**408,621**	378,684
Equity attributable to owners of the Company		**435,907**	405,970
Non-controlling interests		**203,837**	175,890
Total equity		**639,744**	581,860
Non-current liability			
Other borrowing — secured		**135,164**	—
		774,908	581,860

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (as revised in 2008)	Business combinations
HKAS 27 (as revised in 2008)	Consolidated and separate financial statements
HKAS 39 (Amendments)	Eligible hedged items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) — INT 17	Distributions of non-cash assets to owners
HK(IFRIC) — INT 5	Presentation of financial statements — Classification by the borrower of a term loan that contains a repayment on demand clause

The application of these new and revised Standards and Interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures — Transfers of financial assets[3]
HKFRS 9	Financial instruments[4]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[5]
HKAS 24 (as revised in 2009)	Related party disclosures[6]
HKAS 32 (Amendments)	Classification of rights issues[7]
HK(IFRIC) — INT 14 (Amendments)	Prepayments of a minimum funding requirement[6]
HK(IFRIC) — INT 19	Extinguishing financial liabilities with equity instruments[2]

[1] Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
[2] Effective for annual periods beginning on or after 1 July 2010.
[3] Effective for annual periods beginning on or after 1 January 2011.
[4] Effective for annual periods beginning on or after 1 January 2013.
[5] Effective for annual periods beginning on or after 1 January 2012.
[6] Effective for annual periods beginning on or after 1 January 2011.
[7] Effective for annual periods beginning on or after 1 February 2010.

HKFRS 9 “Financial instruments” (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 “Financial instruments” (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 “Financial instruments: Recognition and measurement” are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability’s credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that HKFRS 9 will be adopted in the Group’s consolidated financial statements for financial year ending 31 December 2013 and the application of HKFRS 9 may not have a significant impact on the amounts reported in respect of the Groups’ financial assets and financial liabilities.

The Directors anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis.

3. 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 is principally engaged in manufacturing and trading of liquid coatings, powder coatings and solvents. The Directors, being the Group's chief operating decision maker, make the decision on allocation of resources and assessment of performance based on geographical segments determined on the basis of location of customers, as follow:

2010

	Hong Kong *HK$'000*	**The People's Republic of China ("The PRC")** *HK$'000*	**Consolidated** *HK$'000*
REVENUE			
External sales	**169,913**	**140,611**	**310,524**
RESULTS			
Segment results	**27,489**	**23,589**	**51,078**
Interest income			**236**
Unallocated corporate income			**9,382**
Unallocated corporate expenses			**(37,218)**
Other expense			**(5,534)**
Share of profits of associates			**54,065**
Finance cost			**(164)**
Profit before taxation			**71,845**
TOTAL ASSETS			
Segment assets — trade receivables	**28,610**	**46,447**	**75,057**
Other assets			**752,489**
			827,546

OTHER INFORMATION

	Hong Kong *HK$'000*	**The PRC** *HK$'000*	**Consolidated** *HK$'000*
Impairment losses on trade receivables recognised	**84**	**424**	**508**

2009

	Hong Kong *HK$'000*	The PRC *HK$'000*	Consolidated *HK$'000*
REVENUE			
External sales	103,579	166,350	269,929
RESULTS			
Segment results	15,871	29,869	45,740
Interest income			16,830
Unallocated corporate income			8,526
Unallocated corporate expenses			(35,655)
Share of profits of associates			42,051
Profit before taxation			77,492

	Hong Kong *HK$'000*	The PRC *HK$'000*	Consolidated *HK$'000*
TOTAL ASSETS			
Segment assets — trade receivables	21,962	48,436	70,398
Other assets			553,238
			623,636

OTHER INFORMATION

	Hong Kong *HK$'000*	The PRC *HK$'000*	Consolidated *HK$'000*
Impairment losses on trade receivables recognised	178	905	1,083

Notes:

(i) Segment results represent the profit or loss earned by each segment without allocation of interest income, management fee income, central administration cost, depreciation and amortisation charges, other expense, share of profits of associates and finance cost. This is the measure reported to the Directors for the purpose of resource allocation and performance assessments.

(ii) Other than trade receivables, all assets are not allocated to operating segments. Inventories could be sold to common customers of the operating segments, which cannot be allocated to respective segments on a reasonable basis. All liabilities are not allocated to operating segments, as the Group's trade payables represented payables to common suppliers of the operating segments, which cannot be allocated to respective segments on a reasonable basis.

Revenue from major products

	2010 ***HK$'000***	2009 *HK$'000*
Liquid coatings	**191,849**	170,401
Powder coatings	**50,975**	37,900
Solvents	**67,700**	61,628
	310,524	269,929

Information about major customers

During the years ended 31 December 2010 and 2009, none of the customers contributed over 10% of total sales of the Group.

Geographical information

The Group's operations are located in Hong Kong and the PRC. The Group's information about its non-current assets (other than deferred tax assets, financial instruments and interests in associates) by geographical location of the assets are detailed below:

	2010	2009
	HK$'000	*HK$'000*
Hong Kong	**6,294**	7,027
The PRC	**104,947**	80,703
	111,241	87,730

4. PROFIT BEFORE TAXATION

	2010	2009
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Directors' remuneration		
Fees	**300**	300
Other emoluments	**159**	1,679
Other employee benefits expense	**83,272**	76,657
Total employee benefits expense	**83,731**	78,636
Exchange loss, net	**806**	14
Impairment loss on trade receivables	**508**	1,083
Amortisation of prepaid lease payments	**621**	340
Auditor's remuneration	**660**	660
Cost of inventories recognised as an expense	**219,521**	186,679
Depreciation of property, plant and equipment	**9,779**	10,790
(Gain) loss on disposal of property, plant and equipment	**(27)**	253
Operating lease rentals in respect of rented premises	**949**	1,159
Share of taxation of associates (included in share of profits of associates)	**16,575**	7,081
Write off on interest receivable on loans receivable included in other expense	**5,534**	—
and after crediting the below items, which are included in other income:		
Management fee income	**9,099**	6,709
Royalty fee income	**7,366**	5,997
Interest income earned from:		
Advance to an associate	**—**	572
Bank deposits	**236**	352
Loans receivable	**—**	15,906

5. TAXATION

	2010	2009
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong Profits Tax:		
Current year	**4,166**	4,844
Overprovision in prior year	**(2)**	(595)
	4,164	4,249
PRC Enterprise Income Tax:		
Current year	**4,095**	4,720
Underprovision in prior year	**—**	99
	4,095	4,819
	8,259	9,068

Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) on the estimated assessable profits for the year.

The newly promulgated Enterprise Income Tax Law ("**Tax Law**") of the PRC is effective on 1 January 2008. The implementation of the Tax Law has impact on two of the Company's PRC subsidiaries, which previously enjoyed the preferential tax policies in the form of a reduced tax rate. These two subsidiaries will have five years of time when the Tax Law takes effect to transition progressively to the legally prescribed tax rate of 25%. PRC Income Tax of these two subsidiaries were calculated at 22% and 25% (2009: 20% and 22%) on the respective assessable profit for the year. For other PRC subsidiaries, the applicable tax rate is 25% for both years.

In previous years, 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 previous years and the remaining amount of tax reserve certificates of HK$1,001,000 (2009: HK$1,001,000) was included in tax recoverable as at the end of the reporting period. In the opinion of the Directors, the ultimate outcome of the additional assessment remains undetermined and the Group will continue to defend vigorously against the additional assessment.

Deferred taxation has not been provided for in the consolidated financial statements in respect of the temporary differences attributable to the undistributed retained profits earned by the Company's PRC subsidiaries starting from 1 January 2008 under the Tax Law that requires withholding tax to be paid upon the distribution of such profits to the shareholders as, in the opinion of the Directors, the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

6. DIVIDENDS

No final dividend for the year ended 31 December 2010 (2009: nil) has been proposed by the Directors.

7. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK$24,950,000 (2009: HK$37,810,000) and on the weighted average number of ordinary shares of 272,860,000 (2009: 273,793,483) 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.

8. INTERESTS IN ASSOCIATES

	2010	2009
	HK$'000	*HK$'000*
Unlisted investments, at cost	**178**	178
Share of post-acquisition translation reserve	**11,229**	7,549
Share of post-acquisition profits, net of dividends received	**138,731**	98,166
	150,138	105,893

9. TRADE AND OTHER RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Trade receivables from third parties	**67,815**	64,441
Trade receivables from associates	**7,242**	5,957
Interest receivable on loans receivable	**—**	5,534
Amount due from a company owned by former director of the Company	**—**	2,399
Other receivables	**9,812**	4,592
	84,869	82,923

The Group allows credit period of 30 days to 90 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting periods:

	Trade receivables from third parties		**Trade receivable from associates**	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
0-30 days	**34,731**	21,313	**7,242**	4,885
31-60 days	**16,456**	19,690	**—**	1,072
61-90 days	**10,380**	12,940	**—**	—
Over 90 days	**6,248**	10,498	**—**	—
	67,815	64,441	**7,242**	5,957

10. TRADE AND OTHER PAYABLES

	2010	2009
	HK$'000	*HK$'000*
Trade payables to third parties	**21,136**	19,824
Trade payable to an associate	**921**	658
Accrued staff cost and other payables	**23,372**	17,814
	45,429	38,296

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting periods:

	Trade payables to third parties		**Trade payable to an associate**	
	2010	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
0-30 days	**19,247**	18,353	**921**	658
31-60 days	**1,412**	1,177	**—**	—
61-90 days	**105**	244	**—**	—
Over 90 days	**372**	50	**—**	—
	21,136	19,824	**921**	658

FINANCIAL RESULTS

For the year ended 31 December 2010, although the Group's consolidated turnover increased by approximately 15.04% to HK$310,524,000 (2009: HK$269,929,000), the profit attributable to owners of the Company decreased by approximately 34.01% to HK$24,950,000 (2009: HK$37,810,000). Earnings per share decreased from HK13.8 cents for last year to HK9.1 cents this year.

As at 31 December 2010, the net asset value per share attributable to shareholders of the Company was HK$1.60 (2009: HK$1.49).

DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 December 2010 (2009: Nil).

REVIEW OF OPERATIONS

Following a global downturn in late 2008 and expansionary monetary policies introduced by worldwide governments in late 2009, the economy appears to be recovering in 2010. During the period under review, the economy of China maintained a high growth rate. The demand for prints and coating and related products increased as compared to 2009. For the year ended 31 December 2010, the Group achieved a moderate increase of approximately 15.04% to HK$310,524,000 (2009: HK$269,929,000) in turnover.

The management maintained the implementation of tighter cost control, however, because of the increasing price in crude oil and labour cost, the gross profit increased slightly by 9.31% to HK$91,003,000 (2009: HK$83,250,000) and gross profit ratio dropped from 30.84% in 2009 to 29.31% in 2010. Combined with the effect of decreasing other income, which comprises management fee income, royalty fee income and interest income, and increasing administrative expenses, the profit attributable to owners of the Company for the year ended 31 December 2010 decreased by approximately 34.01% to HK$24,950,000 (2009: HK$37,810,000).

Segment information

The Group assessed its sales performance based on geographical segment determined on the basis of location of customers, i.e. Hong Kong and the PRC.

Hong Kong segment recorded turnover of HK$169,913,000 (2009: HK$103,579,000) and segment results of HK$27,489,000 (2009: HK$15,871,000). The increasing turnover and segment results by approximately 64.04% and 73.20% represented an increase in global market demand, in which the international sales were made through Hong Kong distributors.

The PRC segment recorded turnover of HK$140,611,000 (2009: HK$166,350,000) and segment results of HK$23,589,000 (2009: HK$29,869,000). Since the competition of PRC market was remaining keen, the turnover and segment results dropped by approximately 15.47% and 21.03% respectively.

FINANCIAL RESOURCES, BORROWINGS AND CAPITAL STRUCTURE

As at 31 December 2010, the Group had non-current assets of HK$261,552,000 (2009: HK$352,851,000) and net current assets of HK$513,356,000 (2009: HK$229,009,000). The current ratio, expressed as the ratio of the current assets over the current liabilities, was 10.75 as at 31 December 2010 (2009: 6.48). The increase in net current asset and current ratio is mainly due to settlement of long term loan receivable with the amount of HK$159,055,000 during the year.

As at 31 December 2010, the Group had trade and other payables of HK$45,429,000 (2009: HK$38,296,000) and non-current borrowing of HK$135,164,000 (2009: nil), while total liabilities were HK$187,802,000 (2009: HK$41,776,000). Total liabilities increased by HK$146,026,000 mainly because of a long term borrowing from a financial institution with initial principal amount of HK$150,000,000 obtained during the year.

As at 31 December 2010, the Group had bank balance and cash on hand of HK$449,975,000 (2009: HK$165,498,000). The sharp increase in bank balance, as mentioned, was mainly due to settlement of the long term loan receivable and obtainment of the long term borrowing during the year.

CAPITAL COMMITMENTS

As at 31 December 2010, the Group had capital commitment of HK$24,691,000 (2009: HK$1,488,000), in respect of the purchase of production equipments and expansion of production lines, and HK$400,000,000 (2009: nil), in respect of the acquisition of subsidiaries.

PLEDGE OF ASSETS

As at 31 December 2010, the Group pledged its 51% equity interests in Rookwood Investments Limited ("**Rookwood**"), a non-wholly owned subsidiary of the Group and an undated deed of assignment duly executed by the Company and Rookwood pursuant to which the Company agrees to assign a loan to Rookwood of HK$31,476,308 in case of default to a financial institution to secure the term loan of HK$150,000,000. Save for disclosed above, the Group did not have any charge of assets.

TREASURY POLICY

As at 31 December 2010, the Group had no formal treasury policy.

CURRENCY AND INTEREST RATE STRUCTURE

Business transactions of the Group are mainly denominated in Hong Kong dollars and Renminbi. Currently, the Group does not enter into any agreement to hedge against the foreign exchange risk. In view of the fluctuation of Renminbi during the year, the Group will continue monitoring the situation closely and introduce possible measures if suitable.

The Group had limited exposure to interest rate fluctuation as the interest rate of long term borrowing is fixed throughout the loan term.

MATERIAL ACQUISITION AND DISPOSAL

On 22 September 2010, the Board announced that the Company entered into a sales and purchase agreement (the "**S&P**") with China Century Worldwide Limited ("**China Century**"). Under the S&P, the Company has conditionally agreed to acquire from China Century the entire share capital of Ace Winner Holdings Limited ("**Ace Winner**"), a limited company incorporated in the BVI, which after reorganization, will hold 69.44% of a group of companies registered in the PRC, and principally engages in design, manufacturing and sale of light-emitting diode ("**LED**") and semi-conductor lighting related products. The total consideration for this acquisition is HK$400,000,000, which in January 2011, the Company and China Century agreed shall be satisfied as to HK$335,000,000 in cash and as to HK$65,000,000 by issuing convertible bonds with the principal amount of HK$65,000,000 at a conversion price of HK$2.1 per share. The Acquisition has been approved by shareholders at the extraordinary general meeting held on 15 March 2011 and has been completed on 17 March 2011. Save for disclosed above, there was no material acquisition or disposal that should be notified to the shareholders for the year ended 31 December 2010.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2010, the Group had around 1,000 full-time employees which included management and administrative staff and production workers. Most of them were stationed in Mainland China while the rest were in Hong Kong. The remuneration, promotion and salary increments of employees are assessed according to the individual's performance, as well as professional and working experience, and in accordance with prevailing industry practices.

OUTLOOK

Paint and coating products

In view of the escalating awareness of more stringent environmental protection and product safety laws and regulations pertaining to the Group's manufacturing facilities and products in the PRC, increasing price of crude oil, other key raw materials and labour costs, growing market competition of paint and petrochemical products in worldwide as well as increasing capital expenditure for replacement of aging production facilities, the management expects future results and cash flow of the prints and coating products segment will be adversely affected. As the result, the management considers to re-allocate the existing resources of the Group (including but not limited to dispose of assets of the Group) to the new business to be introduced to the Group.

Currently, the Company is actively identifying investors for disposing of the prints and coating products business such that the Company could re-allocate its resources on the new business and other businesses to be identified by the Group. The Company shall comply with the Listing Rules for such possible disposal in all time. However, as at the date of this announcement, the Company has no agreement, arrangement, understanding or negotiation about disposal of any Group's assets.

LED and semi-conductor lighting products

As mentioned above, on 22 September 2010, the Board announced that the Company entered into the S&P with China Century to acquire the entire share capital of Ace Winner, which hold 69.44% of a group of companies registered in the PRC, and principally engages in design, manufacturing and sale of LED and semi-conductor lighting related products. Details of the new LED business had been disclosed in circular dated 25 February 2011.

LED sector is considered as one of the fast growing industries in the world which is supported by worldwide governments and business sectors. Although the global financial crisis in the late 2008 hit the global economy badly, global market value of LED sector recorded year over year growth rate of approximately 4%, 8%, 12%, 6% and 5% respectively from 2005-2009, based on Photonics Industry & Technology Development Association's research. Besides, according to the research from iSuppli Corporation, driven by the soaring demand in new electronic application such as LED-TV and general illumination, the compound annual growth rate ("**CAGR**") of the revenue of LED market in PRC would be approximately 15.7% from 2009-2014. Energy saving and long life LED will gradually replace traditional lighting in 3 major application areas, i.e. interior and external lighting, display devices and backlighting. Through the acquisition of Ace Winner, the Group can set foot in LED encapsulation business, the middle phase of LED industry, and enable the Group to capture fast growing opportunity of the LED application products market.

As a sunrise industry, the LED market in the PRC is intensive with small local market participants. However, the high capital expenditure requirements and the well functioned research and development team pose significant barriers to entry for new competitors. With our strong financial position and our expertise, the Board is confident that the new LED business could become the growth driver of the Group and enhance the corporate value for the shareholders.

The management will from time to time seek for investment opportunity in difference phase of LED industry that could improve corporate synergy and broaden the market shares of the Group. Meanwhile, the management will continue to review the performance of existing businesses and seek for any investment opportunity in fast growing industry. Should any suitable business opportunity arise, the Group may change its existing business activities and redeploy any assets of the Group.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 11 July 2010 (the "**Share Option Scheme**"). The purpose of the Share Option Scheme is to provide incentives or rewards to the participants for their contribution to the Group and to enable the Group to attract and retain employees of appropriate qualifications and with necessary experience to work for the Group. Pursuant to Share Option Scheme, the Board may invite any eligible person including any director and employee of the Group to take up options to subscribe for shares of the Company. The Share Option Scheme shall be valid and effective for a period of ten years. No share options were outstanding nor granted during the year ended 31 December 2010.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2010, neither the Company nor any of its subsidiaries has purchased or sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

Throughout the year under review, the Company has complied with the Code on Corporate Governance Practices (the "**Code**") as set out in Appendix 14 of the of the Listing Rules, except for the following deviation:

Code provision A.4.1

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election.

The Company does not fully comply with code provision. 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.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 of the Listing Rules for securities transactions by the Directors. Having made specific enquiry, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2010.

AUDIT COMMITTEE

The Audit Committee comprises Mr. Fok Ho Yin, Thomas, Ms. Zheng DaYong and Mr. Ng Hoi Yue, the independent non-executive Directors of the Company. The Audit Committee has reviewed with management 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 31 December 2010.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The annual report for the year ended 31 December 2010 containing all the information as required by the Listing Rules will be published on the websites of the Stock Exchange and the Company respectively and copies will be dispatched to shareholders of the Company in due course.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to convey its sincere gratitude to our employees for their diligence and contributions to the Group. I would also like to acknowledge the continual support of our customers, suppliers and shareholders during the year of 2010.

By Order of the Board
Greenfield Chemical Holdings Limited
Li Li
Executive Director

Hong Kong, 25 March 2011

As at the date of this announcement, the Board comprises Mr. Hu Jun, Ms. Zhang Ying, Mr. Li Li, Mr. Zhang Yang and Mr. Jiang Zhiqian as executive Directors and Mr. Fok Ho Yin, Thomas, Ms. Zheng DaYong and Mr. Ng Hoi Yue as independent non-executive Directors.