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

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 582)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

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 2012 together with the comparative figure.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	**2012** *HK$'000*	2011 *HK$'000*
CONTINUING OPERATIONS			
Revenue	*4*	**156,265**	153,085
Cost of sales		**(153,525)**	(96,809)
Gross profit		**2,740**	56,276
Other income and gains		**3,658**	4,835
Distribution and selling expenses		**(5,100)**	(3,526)
Administrative expenses		**(68,656)**	(43,015)
Other expenses		**(394)**	(126)
Changes in fair values of embedded derivatives		**–**	16,573
Impairment of trade and other receivables		**(22,567)**	(1,260)
Impairment of goodwill	*11*	**(128,257)**	–
Loss on disposal of property, plant and equipment		**(121)**	–
Loss on redemption of convertible bonds		**(10,918)**	–
Finance costs	*6*	**(11,059)**	(24,374)
(LOSS)/PROFIT BEFORE TAX	*5*	**(240,674)**	5,383
Income tax credit/(expense)	*7*	**1,924**	(972)

* *For identification purposes only*

	Notes	**2012** ***HK$'000***	2011 *HK$'000*
(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**(238,750)**	4,411
DISCONTINUED OPERATIONS			
(Loss)/profit for the year from discontinued operations	*8*	**(83,962)**	56,361
(LOSS)/PROFIT FOR THE YEAR		**(322,712)**	60,772
OTHER COMPREHENSIVE (EXPENSE)/INCOME			
Exchange differences arising on translation of foreign operations		**553**	31,708
Release of exchange differences upon disposal of subsidiaries		**(29,562)**	–
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		**(29,009)**	31,708
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		**(351,721)**	92,480
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company			
— from continuing operations		**(217,834)**	(905)
— from discontinued operations		**(86,114)**	28,353
		(303,948)	27,448
Non-controlling interests			
— from continuing operations		**(20,916)**	5,316
— from discontinued operations		**2,152**	28,008
		(18,764)	33,324
		(322,712)	60,772

	Notes	**2012**	2011
		HK$'000	*HK$'000*
TOTAL COMPREHENSIVE (EXPENSE)/ INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(331,382)**	47,171
Non-controlling interests		**(20,339)**	45,309
		(351,721)	92,480
(LOSS)/EARNINGS PER SHARE *(HK cents)*	*10*		
From continuing and discontinued operations			
— Basic		**(19.0)**	2.7
— Diluted		**N/A**	1.5
From continuing operations			
— Basic		**(13.6)**	(0.1)
— Diluted		**N/A**	(1.1)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2012

	Notes	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**143,856**	256,792
Prepaid lease payments		**15,955**	52,513
Goodwill	*11*	**75,135**	203,392
Intangible assets		**72,720**	80,286
Interests in associates	*12*	**–**	160,199
		307,666	753,182
CURRENT ASSETS			
Prepaid lease payments		**388**	1,272
Inventories		**60,008**	96,776
Trade and other receivables	*13*	**75,549**	203,907
Pledged bank deposits		**–**	2,636
Bank balances and cash		**49,259**	148,829
		185,204	453,420
CURRENT LIABILITIES			
Trade and other payables	*14*	**69,466**	102,384
Tax payable		**2,830**	6,919
Bank and other borrowings		**74,631**	209,630
Deferred revenue		**797**	440
Loan from government		**7,056**	–
		154,780	319,373

	Notes	2012 HK$'000	2011 HK$'000
NET CURRENT ASSETS		**30,424**	134,047
TOTAL ASSETS LESS CURRENT LIABILITIES		**338,090**	887,229
NON-CURRENT LIABILITIES			
Loan from government		**–**	6,557
Convertible bonds liability	*15*	**–**	53,682
Embedded derivatives	*15*	**–**	–
Deferred tax liabilities		**5,994**	7,875
Deferred revenue		**–**	379
		5,994	68,493
NET ASSETS		**332,096**	818,736
CAPITAL AND RESERVES			
Share capital	*16*	**191,002**	27,286
Reserves		**63,016**	455,792
Equity attributable to owners of the Company		**254,018**	483,078
Non-controlling interests		**78,078**	335,658
TOTAL EQUITY		**332,096**	818,736

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was previously incorporated with limited liability on 30 October 2001 and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). During the year ended 31 December 2012, the Company changed its country of registration to Bermuda and was registered under the Companies Act 1981 of Bermuda on 16 May 2012.

During the year, the Group was principally engaged in the design, manufacturing and sale of the light-emiting diode ("LED") and semi-conductor lighting related products (the "Lighting Business"), except for the discontinued operation disclosed in note 8, there were no significant changes in the nature of the Group's principal activities during the year.

The Company's substantial shareholder is Hong Han Limited, a company incorporated in the British Virgin Islands ("BVI"). Hong Han Limited is wholly and beneficially owned by Mr. Wan Zhongbo and Ms. Liu Jia as to 50% each.

The consolidated financial statements are presented in Hong Kong dollar ("HK$") which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instrument which was measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

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

The following new and revised HKFRSs issued by the HKICPA have been applied by the Group in the current year.

Amendments to HKFRS 7	Financial Instruments: Disclosures — Transfers of Financial Assets; and
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

The application of these new and revised HKFRSs has had no material impact on the Group's financial performance and positions for the current and prior years.

4. REVENUE AND OPERATING SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts received and receivable during the year.

The Group's operating segments are based on information reported to the Directors, being chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focus on types of goods or services delivered or provided.

No information regarding the revenue and results of operating segment is presented as the Group's continuing operations are under the segment of the Lighting Business during the years ended 31 December 2012 and 2011.

Details of segment information regarding the manufacturing and trading of liquid coatings, power coatings and solvents (the "Coating Business"), an operating segment discontinued during current year, are set out in note 8.

(a) *Geographical information*

The revenue information of continuing operations below is based on the locations of the customers, and the non-current assets information of continuing operations below is based on the locations of the assets and excludes goodwill, interests in associates and intangible assets.

	Revenue from external customers from continuing operations		**Non-current assets**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**1,549**	–	**197**	6,629
The People's Republic of China ("PRC")	**86,676**	93,055	**159,614**	302,676
Overseas	**68,040**	60,030	**–**	–
	156,265	153,085	**159,811**	309,305

(b) *Major customers*

During the years ended 31 December 2012 and 2011, none of the external customers who each contributed over 10% of the Group's total revenue.

5. (LOSS)/PROFIT BEFORE TAX

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

	2012	2011
	HK$'000	*HK$'000*
Directors' remuneration		
Fees	**1,260**	377
Other emoluments	**–**	–
	1,260	377
Employee benefits expense (excluding directors' remuneration):		
Wages and salaries	**26,081**	18,311
Pension scheme contributions	**8,120**	4,224
	34,201	22,535
Exchange loss, net	**229**	477
Amortisation of prepaid lease payments^	**610**	286
Amortisation of intangible assets^	**8,150**	5,991
Auditor's remuneration^	**480**	660
Carrying amount of inventories sold*	**124,193**	96,589
Depreciation of property, plant and equipment	**10,826**	8,180
Write-down of inventories*	**29,332**	220
Research and development expenses^	**17,293**	–
Government subsidies *(note)*	**(2,787)**	(2,741)
Bank interest income	**(187)**	(229)

* *This item is included in "cost of sales" in the consolidated statement of comprehensive income.*

^ *These items are included in "administrative expenses" in the consolidated statement of comprehensive income.*

Note:

Amounts represent subsidies obtained from The Central People's Government of the PRC as a compensation for operating and administrative expenses incurred for daily operations as medium and small enterprises in the PRC. There are no unfulfilled conditions or contingencies relating to these subsidies.

6. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
CONTINUING OPERATIONS		
Interest on bank and other borrowings wholly repayable within five years	**7,912**	18,749
Interest on loan from government	**466**	339
Interest on convertible bonds	**2,681**	5,286
	11,059	24,374

7. INCOME TAX CREDIT/(EXPENSE)

	2012	2011
	HK$'000	*HK$'000*
CONTINUING OPERATIONS		
Current tax:		
PRC Enterprise Income Tax	**(118)**	(4,529)
Under provision in prior years:		
Hong Kong	**–**	(183)
	(118)	(4,712)
Deferred tax:	**2,042**	3,740
Total tax credit/(charge) for the year recognised in profit or loss	**1,924**	(972)

Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) on the estimated assessable profits for the year. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year (2011: underprovision in prior year of HK$183,000).

Pursuant to the income tax rules and regulations in the PRC, the subsidiaries located in Mainland China are liable to the PRC Enterprise Income Tax at a rate of 25% on the assessable profits generated for the year.

One of the subsidiaries was registered as a Hi-New Technology Enterprise with the relevant government authority in the PRC and is subjected to the PRC Enterprise Income Tax at the rate of 15% on the assessable profits for the three years ending 31 December 2013.

8. DISCONTINUED OPERATIONS

On 19 January 2012, the Group entered into a sale and purchase agreement to dispose of the 51% equity interest in a subsidiary, Rookwood Investments Limited, and its subsidiaries and associates (the "Rookwood Group"), which carried on the Coating Business. The disposal was effected in order to generate cash flows for the expansion of the Group's other businesses. The disposal was completed on 2 April 2012 when control of the Rookwood Group was passed to the acquirer.

The results of the Rookwood Group for the year are presented below:

	2012	2011
	HK$'000	*HK$'000*
Revenue	**55,904**	303,147
Cost of sales	**(43,458)**	(216,353)
Other income and gains	**4,037**	23,952
Distribution and selling expenses	**(6,609)**	(28,823)
Administrative expenses	**(10,098)**	(44,984)
Share of profits of associates	**5,836**	26,613
Profit before tax	**5,612**	63,552
Income tax expense	**(1,035)**	(7,191)
	4,577	56,361
Loss on disposal of subsidiaries	**(88,539)**	–
(Loss)/profit for the year from discontinued operations	**(83,962)**	56,361
(Loss)/profit for the year from discontinued operations is arrived at after charging/(crediting):		
Amortisation of prepaid lease payments	**220**	861
Auditor's remuneration	**100**	400
Impairment of trade and other receivables	**–**	2,338
Depreciation of property, plant and equipment	**2,226**	9,125
Loss on disposal of property, plant and equipment	**105**	186
Employee benefits expense	**18,720**	86,119
Government subsidies	**(212)**	(2,538)
Management fee income	**(1,748)**	(8,171)
Royalty fee income	**(1,192)**	(7,592)
Bank interest income	**(58)**	(382)

9. DIVIDEND

No dividend was paid or proposed for the year ended 31 December 2012 (2011: HK$ nil).

10. (LOSS)/EARNINGS PER SHARE

FROM CONTINUING AND DISCONTINUED OPERATIONS

The calculation of basic and diluted (loss)/earnings per share attributable to the owners of the Company is based on the following data:

	2012	2011
	HK$'000	*HK$'000*
(Loss)/earnings		
(Loss)/profit for the year attributable to owners of the Company	**(303,948)**	27,448
Effect of dilutive potential ordinary shares:		
Changes in fair values of embedded derivatives	**–**	(16,573)
Effect of effective interest on the liability component of convertible bonds	**–**	5,286
(Loss)/earnings for the purpose of diluted (loss)/earnings per share	**(303,948)**	16,161
Number of shares		
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**1,600,264**	1,031,176
Effect of dilutive potential ordinary shares:		
Conversion of convertible bonds	**–**	30,952
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**1,600,264**	1,062,128

FROM CONTINUING OPERATIONS

The calculation of the basic and diluted (loss)/earnings per share from continuing operations attributable to owners of the Company is based on the following data:

	2012	2011
	HK$'000	*HK$'000*
(Loss)/profit for the year attributable to owners of the Company	**(303,948)**	27,448
Add/(less):		
Loss/(profit) for the year from discontinued operations	**86,114**	(28,353)
Loss for the purpose of basic loss per share from continuing operations	**(217,834)**	(905)
Effect of dilutive potential ordinary shares:		
Changes in fair value of embedded derivatives	**–**	(16,573)
Effect of effective interest on the liability component of convertible bonds	**–**	5,286
Loss for the purpose of diluted loss per share form continuing operations	**(217,834)**	(12,192)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

FROM DISCONTINUED OPERATIONS

For the year ended 31 December 2012, both basis and diluted loss per share for the discontinued operation was HK5.38 cents (2011: earnings per share of HK2.75 cents) per share based on the loss for the year from the discontinued operation of approximately HK$86,114,000 (2011: profit of HK$28,353,000) and the denominators detailed above for both basic and diluted loss per share.

11. GOODWILL

Goodwill of HK$203,392,000, arose in last year, related to the acquisition of Ace Winner Holdings Limited ("Ace Winner") and its subsidiaries (collectively referred to as the "Ace Winner Group"). Ace Winner is an investment holding company with an indirect 69.44% equity interest, held through its wholly-owned subsidiary, China Opto Investments Limited, in the issued share capital of Jiangsu Wenrun Optoelectronic Co., Ltd ("Jiangsu Wenrun"). Jiangsu Wenrun is principally engaged in the Lighting Business. Goodwill of HK$203,392,000 was allocated to the Cash-generating units ("CGUs") for the Lighting Business. During the year, impairment of goodwill amounting to HK$128,257,000 was recognised. Net carrying amount of goodwill is summarised as follows.

	Total
	HK$'000
Cost	
At 1 January 2011	–
Acquisition of subsidiaries	203,392
At 31 December 2011 and 2012	203,392
Impairment	
At 1 January 2011 and 31 December 2011	–
Impairment loss recognised in the year	(128,257)
At 31 December 2012	(128,257)
Carrying amounts	
At 31 December 2012	75,135
At 31 December 2011	203,392

12. INTERESTS IN ASSOCIATES

	2012	2011
	HK$'000	*HK$'000*
Share of net assets	**–**	160,199

The associates of the Group as at 31 December 2011 was Chemfield Trading Company Limited and CMW Holding Limited, of which the Rookwood Group held a 49% and 45% equity interest, respectively. Pursuant to a sale and purchase agreement entered into between the Company and a third party on 2 April 2012, the Group's entire equity interest in the Rookwood Group was disposed of for a cash consideration of HK$154,000,000, resulting in a loss on disposal of subsidiaries of HK$88,539,000 (note 8) which was recognised in the profit or loss for the year ended 31 December 2012. The details of the Group's associates are as follows:

Name of associate	Place of incorporation/ operations	Proportion of nominal value of issued ordinary shares held by the Group		Principal activity
		2012	2011	
Chemfield Trading Company Limited	Hong Kong	–	49%	Inactive
CMW Holding Limited	Hong Kong	–	45%	Investment holding

The summarised financial information in respect of the Group's associates extracted from its management accounts:

	2012	2011
	HK$'000	*HK$'000*
Assets	**–**	474,613
Liabilities	**–**	(118,615)
Profit *(Note)*	**12,969**	59,137

Note: Share of profits of associates are disclosed in note 8.

13. TRADE AND OTHER RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade receivables from third parties *(Note)*	**90,333**	163,696
Trade receivables from associates *(Note)*	**–**	11,026
Impairment	**(27,728)**	(15,682)
	62,605	159,040
Prepayments, deposits and other receivables	**12,944**	44,867
	75,549	203,907

Note:

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

	2012	2011
	HK$'000	*HK$'000*
0–30 days	**13,291**	67,746
31–60 days	**13,052**	27,799
61–90 days	**7,468**	17,711
Over 90 days	**28,794**	45,784
	62,605	159,040

Before accepting any new customer, the Group will assess the potential customer's credit quality and defines its credit limits. Credit sales are made to customers with a satisfactory trustworthy credit history. Credit limits attributed to customers are reviewed regularly. Trade receivables that are neither past due nor impaired have good track records with the Group.

Included in the Group's trade receivables, balances with an aggregate carrying amount of HK$46,098,000 (2011: HK$54,039,000) were past due at the end of the reporting period for which no impairment loss has been provided as there has not been a significant change in credit quality and the amounts are still considered recoverable based on the historical experience. The Group does not hold any collateral over these balances.

Age of trade receivables which are past due but not impaired:

	2012	2011
	HK$'000	*HK$'000*
0–90 days past due	**19,761**	34,340
Over 90 days past due	**26,337**	19,699
	46,098	54,039

No interest is charged on the trade receivables. Trade receivables over the credit period granted to customers have been impaired based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK$27,728,000 (2011: HK$15,682,000) that are considered irrecoverable by management after consideration on the credit quality of those individual customers, the ongoing relationship with the Group and the ageing of these receivables. The Group does not hold any collateral over these balances.

Movements in the allowance for doubtful debts is as follows:

	2012	2011
	HK$'000	*HK$'000*
Balance at the beginning of the year	**15,682**	3,275
Acquisition of subsidiaries	**–**	9,269
Impairment losses recognised on trade receivables	**21,258**	3,599
Amounts written off as uncollectible	**–**	(461)
Less: disposal of subsidiaries	**(9,212)**	–
Balance at the end of the year	**27,728**	15,682

14. TRADE AND OTHER PAYABLES

	2012	2011
	HK$'000	*HK$'000*
Trade payables to third parties *(note)*	**37,723**	48,698
Trade payable to an associate *(note)*	**–**	515
	37,723	49,213
Accruals, deposits and other payables	**31,743**	53,171
	69,466	102,384

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

	2012	2011
	HK$'000	*HK$'000*
0–30 days	**16,113**	28,689
31–60 days	**12,272**	9,541
61–90 days	**3,861**	5,505
Over 90 days	**5,477**	5,478
	37,723	49,213

The credit period on purchases of good ranged from 90 days to 150 days. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

15. CONVERTIBLE BONDS LIABILITY AND EMBEDDED DERIVATIVES

	Liability	Embedded derivatives	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2011	–	–	–
Issued during the year	48,396	16,573	64,969
Imputed interest charged	5,286	–	5,286
Gain arising from change in fair value recognised in profit or loss	–	(16,573)	(16,573)
At 31 December 2011	53,682	–	53,682
Interest charged	2,681	–	2,681
Interest paid	(2,281)	–	(2,281)
Loss on redemption of convertible bonds	10,918	–	10,918
Early redemption of convertible bonds	(65,000)	–	(65,000)
At 31 December 2012	–	–	–

The convertible bonds contain the following components:

(a) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the rate of interests, on initial recognition, of instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives. The effective interest rate of the liability component is 14% per annum. The Company has early redeemed the convertible bonds with principal amount of HK$65 million during the year ended 31 December 2012.

(b) Embedded derivatives of the convertible bonds represent: (i) the option to convert the liability into equity of the Company. The conversion will be settled other than by the exchange of a fixed number of the Company's own equity is classified as conversion option derivative as the convertible bonds are denominated in currency other than the functional currency of the Company; and (ii) the issuer's rights to redeem the convertible bonds before the maturity date. No shares had been converted and the convertible bonds were early redeemed during the year ended 31 December 2012.

16. SHARE CAPITAL

	Number of shares *'000*	Total value *HK$'000*
Authorised:		
At 1 January 2011, 31 December 2011	1,000,000	100,000
Additions during the year *(note (a))*	4,000,000	400,000
At 31 December 2012	5,000,000	500,000
Issued and fully paid:		
At 1 January 2011, 31 December 2011	272,860	27,286
Issue of open offer shares *(note (b))*	136,430	13,643
Issue of bonus shares *(note (b))*	1,500,730	150,073
At 31 December 2012	1,910,020	191,002

Notes:

(a) Pursuant to an ordinary resolution passed at the Company's extraordinary general meeting held on 28 March 2012, the authorised share capital of the Company was increased from HK$100,000,000 to HK$500,000,000 by the creation of 4,000,000,000 additional shares of HK$0.1 each, ranking pari passu in all respects with the existing shares of the Company.

(b) On 28 March 2012, the shareholders of the Company approved by way of poll the open offer on the basis of one offer share for every two existing shares held on 11 April 2012 to the qualifying shareholders of the Company with bonus issue on the basis of eleven bonus shares for every one offer share taken up under the open offer, at an issue price of HK$0.75 per offer share, resulting in the issue of 1,637,160,000 shares of HK$0.1 each for a total cash consideration, before expenses, of HK$102,322,000 upon completion in May 2012.

17. COMPARATIVE AMOUNTS

During the year, the Directors have determined to discontinue the Coating Business, accordingly the consolidated statement of comprehensive income has been reclassified to the discontinued operations. Prior year figures have been re-presented accordingly.

FINANCIAL RESULTS

For the year ended 31 December 2012, the Group's consolidated turnover for continuing operations is approximately HK$156,265,000 (2011: HK$153,085,000); the acquisition of the LED and semi-conductor lighting related products ("Lighting Business") was completed on 17 March 2011. A loss attributable to owners of the Company of approximately HK$303,948,000 was recorded (2011: profit of HK$27,448,000). The basic loss per share was HK19.0 cents and no diluted loss per share (2011: basic earnings of HK2.7 cents and diluted earnings of HK1.5 cents per share respectively).

As at 31 December 2012, the consolidated net asset value per share attributable to owners of the Company was HK$0.13 (2011: HK$1.77).

Review of operation

During the year, the principal activity of the Company is investment holding and through its subsidiaries and associates of the Company engages in (i) Lighting Business and (ii) the manufacturing of paints and trading in petrochemical and related products ("Coating Business").

On 19 January 2012, the Company announced the disposal of the Coating Business at a consideration of HK$154,000,000 for the reasons below: (i) the escalating awareness for a more stringent environmental protection and product safety laws and regulations pertaining to the Group's manufacturing facilities and products in the People's Republic of China ("PRC"); (ii) the public perception of the pollutive nature of the paint and coating manufacturing industry; (iii) the increase in price of crude oil, other key raw materials and labour costs, growing market competition of paint and petrochemical products worldwide; (iv) the increase in the capital expenditure for replacement of aging production facilities; (v) the escalating labour and production costs as a result of the difficulty in hiring staff for the environmentally sensitive paint manufacturing business; (vi) the increase in cost in order to ensure the Coating Business complies with relevant laws and regulations, in particular those regarding hazardous substances and environmental safety; and (vii) the substantial capital outlay and maintenance costs for the relocation of the existing manufacturing and storage facilities from Shenzhen to a more remote location at Zhong Xin Town, Zencheng, Guangzhou.

Subsequent to the completion of the disposal of the Coating Business on 2 April 2012, the Lighting Business has become the core business segment of the Group.

During the year, the business and financial performances of the Lighting Business have been adversely affected by the unfavourable global market conditions, the business growth of the Lighting Business as well as the pricing of the LED products were lower than expected and to increase the competitiveness of the LED products of the Group, the Group has allocated additional resources on research and development of new LED related products and technologies such that the Group can lower the production costs and to differentiate itself from its competitors in the LED market. As a result of the keen market competition, the sales volume and the gross profit margin of the LED products were persistently decreasing for the year ended 31 December 2012. The revenue of the Lighting Business was about HK$156,265,000 for the year ended 31 December 2012 while it was approximately HK$153,085,000 for year ended 31 December 2011; the acquisition of the Lighting Business was completed on 17 March 2011. The loss for the year was mainly due to impairment of inventory, impairment of goodwill and the rise in administrative expenses, including the research and development cost, impairment of trade and other receivables.

As at 31 December 2012, an impairment loss on trade receivables amounting HK$27,728,000 was made for overdue receivables with aging period over one and a half year as to comply with the applicable accounting standard in accordance with the long outstanding loan and receivables. The Company had seeked the advices from its PRC legal adviser and the PRC legal adviser suggested to issue relevant legal letter(s) to the debtor requesting the payment of the overdue balances. In the event that the debtor fail to repay the overdue balances in the near future, the Company will discuss with the PRC legal adviser to take further necessary actions.

As a result of the unsatisfactory business and financial performance of the Group and the deteriorating industry prospect as abovementioned, an impairment loss of approximately HK$128,257,000 on the goodwill arising from the acquisition of Lighting Business has been made during the year ended 31 December 2012.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2012, the Group had non-current assets of approximately HK$307,666,000 (2011: HK$753,182,000) and net current assets of approximately HK$30,424,000 (2011: HK$134,047,000). The current ratio, expressed as the ratio of the current assets over the current liabilities, was 1.20 as at 31 December 2012 (2011: 1.42). The drop in net current assets and current ratio is mainly due to (i) the disposal of the Coating Business; (ii) the repayment of other borrowings with the principal amount of HK$150,000,000; (iii) the early redemption of the convertible bond with the principal amount of HK$65,000,000 due on 16 March 2014; and (iv) the impairment on trade receivables of approximately HK$27,728,000.

As at 31 December 2012, the Group had trade and other payables of approximately HK$69,466,000 (2011: HK$102,384,000), current bank borrowings in Renminbi with fixed interest rate of approximately HK$74,631,000 (2011: HK$55,530,000), other borrowings of nil (2011: HK$154,100,000) and convertible bonds liability of nil (2011: approximately HK$53,682,000), while total liabilities amounted to approximately HK$160,774,000 (2011: HK$387,866,000). The Group's gearing ratio, which is measured on the basis of the Group's total liabilities divided by total assets, is 32.6% (2011: 32.1%).

As at 31 December 2012, the Group had bank balances and cash of approximately HK$49,259,000, with approximately HK$26,301,000 held in Renminbi and the remaining in Hong Kong dollar (2011: HK$148,829,000 with approximately HK$24,500,000 held in Renminbi). The drop in bank balances and cash are mainly due to the disposal of Coating Business during the year.

SEGMENT INFORMATION

Details of segment information of the Group for the year ended 31 December 2012 are set out in note 4.

CAPITAL STRUCTURE

On 13 February 2012, the Company announced an open offer with bonus issue on the basis of one (1) offer share for every two (2) shares held on the record date of 11 April 2012 at the subscription price of HK$0.75 per offer share, eleven (11) bonus share are issued upon subscription of one (1) offer share. Upon the completion of the open offer with bonus issue in May 2012, the total number of issued ordinary shares became 1,910,020,000 with the par value of HK$0.1 each.

Subsequent to the financial year ended 31 December 2012

On 22 January 2013, the Company proposed to reorganize the share capital by (i) reduction in the issued share capital of the Company by cancellation of paid-up capital to the extent of HK$0.09 on each issued share so that the par value of each issued share will be reduced from HK$0.1 to HK$0.01; and (ii) subdivision of each authorized but unissued share into ten (10) new shares of HK$0.01 each. The credit arising from the capital reduction of approximately HK$171,900,000 will be transferred to the contributed surplus account of the Company and used to offset accumulated losses of the Company (if any). The capital reorganization is still in process up to the date of this announcement. Details have been disclosed in the circular of the Company dated 25 March 2013.

CAPITAL COMMITMENT

As at 31 December 2012, the Group had capital commitment of approximately HK$234,000 (2011: HK$23,448,000), in respect of the purchase of production equipment and expansion of production lines.

Save as disclosed above, the Group did not have any capital commitment.

CONTINGENT LIABILITY

As at 31 December 2012, the Group did not have any contingent liability.

CHARGES ON ASSETS

As at 31 December 2012, the Group pledged its property, plant and equipment, prepaid lease payments, intangible assets and bank deposits of approximately HK$70,170,000, HK$16,343,000, HK$38,702,000 and HK$nil, (2011: HK$123,939,000, HK$17,108,000, HK$41,139,000, HK$2,636,000) respectively to secure the general banking facilities and bills payable. In addition, as at 31 December 2011, 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 agreed to assign a loan to Rookwood of approximately HK$31,476,000 in case of default to a financial institution to secure the other borrowing of HK$150,000,000. Such pledge was released upon the full repayment of the borrowing, including the interests accrued therein on 2 April 2012.

Save as disclosed above, the Group did not have any charges on assets.

TREASURY POLICY

As at 31 December 2012, 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.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

On 19 January 2012, the Company entered into a sale and purchase agreement to dispose of the 5,100 shares in Rookwood, with its subsidiaries Shenzhen Pinefield Chemical Enterprises Co., Ltd, Changzhou Manfield Transportation Limited, Springfield Chemical Company Limited, Springfield Chemical (Guangzhou) Limited, Manfield Chemical Limited, Champion Chemical (Guangzhou) Company Limited, Manfield Chemical (Changzhou) Limited and its associated companies — CMW Holding Limited, CMW Coatings (Wuxi) Limited and CMW Coatings (Hong Kong) Limited, and the sale loan in the amount of approximately HK$31,476,000 at a total consideration of HK$154,000,000. The disposal was completed on 2 April 2012.

Subsequent to the financial year ended 31 December 2012

On 22 January 2013, the Company entered into a sale and purchase agreement pursuant to which the Company conditionally agreed to acquire the entire share of Double Earn Holdings Limited which holds a wholly-owned subsidiary engaged in the development and operation of a parcel of land situated on the western shores of Nanhu Lake# (南湖), Yueyang, Hunan province, the People's Republic of China ("PRC"), at a consideration of HK$550,000,000. The acquisition is still in process up to the date of this announcement. Details have been disclosed in the circular of the Company dated 25 March 2013.

A special general meeting will be held on 18 April 2013 to obtain approval from the independent shareholders by way of poll.

Saved as disclosed above, there was no significant investment, material acquisition or disposal that should be notified to the shareholders up to the date of this announcement.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2012, the Group had around 700 (2011: 1,700) full-time employees with total staff costs amounted to approximately HK$45,217,000 (2011: HK$54,653,000). Including management and administrative staff and production workers, most of the employees were stationed in the PRC 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

Upon the completion of the disposal of the Coating Business, the Lighting Business has become the core business segment of the Group.

During the year of 2012, given that the technology of LED has become more common nowadays, the technology barrier has been lowered and more new competitors have entered into the LED market in PRC, causing persistent decrease in the level of prices of LED related products. As a result of the keen market competition, the sales volume and the gross profit margin of the LED products were persistently decreasing for the year ended 31 December 2012. In view of the above, the Directors are not optimistic on the business prospect of the LED business in the near future.

Accordingly, the Directors strived to improve the business operations and financial position of the Group by proactively seeking potential investment opportunities that could diversify its existing business portfolio and broaden its source of income, and enhance value to the Shareholders.

Since 2011, the property market in PRC has experienced a minor correction with surge in property prices being slowed down and decrease in transaction volume due to the austerity measures, including restriction on home purchase, imposed by PRC government. Such correction resulted in a slowdown in the property market in the short term, but it helped curbing speculative activities which should be beneficial to the market in the long run. According to China and Major Cities Real Estate Market Report in 2012[#] (2012 中國主要城市房地產市場交易情報) published by China Index Academy, there are recent signs of bottoming out as the total sales of property in 1st-tier cities and 2nd-tier cities during the year 2012 have increased by 24.04% and 39.32%, respectively, comparing to 2011 after the People's Bank of China announced the interest rate cut. The Directors believe that such monetary loosening policy is likely to continue and expect that the PRC property market will begin to resurge.

Strong economic growth has been observed in Yueyang, being a 3rd-tier city in PRC, mainly due to the development of infrastructure and completion of railway and expressway projects. In line with the economic growth, the disposable income per capita and urbanization rate in Yueyang have also recorded persistent increase over the past decade. Therefore, it is expected that the favorable outcome of these figures will drive the domestic demand for luxurious residential districts in Yueyang as disposable income and urbanization rates are both key drivers of the property market.

In view of the economic prospect and the potential in the property market of Yueyang, the Directors consider that the acquisition of Yueyang property project represents a good investment opportunity for the Company and would generate stable source of recurring diversified income to the Group.

Meanwhile, the Company will pay close attention to the performance of the Lighting Business. At the same time, the management will seek for any investment opportunity in other business streams with promising prospect and companies with profitability track record such that the income base of the Group could be broadened.

In addition, the Company will keep looking for fund raising opportunities to further strengthen the financial position of the Group as and when appropriate. As at the date of this announcement, the Company has not yet identified any fund raising opportunities.

SHARE OPTION SCHEME

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 and any Invested Entity. 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 2012.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption by the Company or any of its subsidiaries of any listed securities of the Company during the year ended 31 December 2012.

CHANGE OF DOMICILE

Pursuant to a special resolution passed at an extraordinary meeting held on 28 March 2012, the domicile of the Company was changed from the Cayman Islands to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda ("Change of Domicile"). The Change of Domicile became effective on 16 May 2012.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance, the principles of which serve to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business and to ensure that its affairs are conducted in accordance with applicable laws and regulations.

The Company has applied the principles and complied with all relevant code provisions of the Corporate Governance code (applicable to financial reports covering a period after 1 April 2012) and the former Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), except for Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive director and all independent non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-Laws of the Company. 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 of the Company. In respect of Code Provision D.1.4, subsequent to 31 March 2012, formal letters of appointment for Directors setting out the key terms and conditions of their appointment were subsequently executed by all Directors.

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 2012.

AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee comprises three independent non-executive directors: Mr. Fok Ho Yin, Thomas (Committee Chairman), Mr. Ng Hoi Yue and Mr. Chiang Chi Kin, Stephen.

Audit Committee has adopted terms of reference which are in line with the CG Code issued by the Stock Exchange.

The Audit Committee reviews and supervises the Group's financial statements and internal control procedures. It has reviewed with the management and the external auditors the accounting principles and practices adopted by the Group and have discussed auditing, internal controls and financial reporting matters.

The Audit Committee is also responsible for monitoring, development and implementation of the Group's policy on external auditor. The Audit Committee recommended the appointment and reappointment of the Group's external auditor.

During the year, three meetings were held by the Audit Committee and attended by all members to review and discuss the financial reporting matters, including the review of the interim and annual financial statements.

DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 December 2012 (2011: nil).

PUBLICATION OF ANNUAL REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The annual report for the year ended 31 December 2012 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 2012.

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

Hong Kong, 25 March 2013

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, Mr. Ng Hoi Yue and Mr. Chiang Chi Kin, Stephen as independent non-executive Directors.

The English translation of Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.