INFINITY CHEMICAL HOLDINGS COMPANY LIMITED
星謙化工控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 640)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2011 AND CHANGE OF USE OF PROCEEDS

The board (the "Board") of directors (the "Directors") of Infinity Chemical Holdings Company Limited (the "Company") is pleased to announce its audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 30 September 2011 together with the comparative figures for the corresponding year in 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2011

	Notes	**2011** **HK$'000**	2010 HK$'000
Turnover	5	**373,554**	296,040
Cost of goods sold		**(291,246)**	(220,040)
Gross profit		**82,308**	76,000
Other income		**3,838**	1,424
Changes in fair value of investment properties		**8,430**	1,440
Other losses	6	**(3,139)**	(958)
Research and development costs		**(1,280)**	(862)
Selling and distribution costs		**(17,079)**	(11,349)
Administrative expenses		**(45,360)**	(27,401)
Listing expenses		**—**	(19,863)
Interest on bank borrowings wholly repayable within five years		**(1,487)**	(2,115)
Profit before taxation	7	**26,231**	16,316
Taxation	8	**(2,377)**	(251)
Profit for the year		**23,854**	16,065
Other comprehensive income			
— exchange differences arising on translation of foreign operations		**4,323**	985
Total comprehensive income for the year		**28,177**	17,050
Earnings per share — Basic	10	**HK4.8 cents**	HK4.1 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Investment properties		**20,750**	12,320
Property, plant and equipment		**44,043**	31,924
Land use rights		**18,804**	18,670
Deposits made on acquisition of property, plant and equipment		**652**	3,688
Club debentures		**1,080**	—
		85,329	66,602
Current assets			
Inventories		**80,220**	42,616
Trade and other receivables	*11*	**108,041**	81,439
Pledged/restricted bank deposits		**16,725**	19,511
Bank balances and cash		**22,708**	23,829
		227,694	167,395
Current liabilities			
Trade and other payables	*12*	**66,605**	47,045
Taxation		**1,053**	511
Current portion of secured long-term bank loans		**10,704**	5,037
Secured short-term bank loans		**26,448**	11,878
Bank overdrafts — secured		**18,064**	2
		122,874	64,473
Net current assets		**104,820**	102,922
Total assets less current liabilities		**190,149**	169,524
Non-current liabilities			
Deferred taxation		**3,738**	2,290
Net assets		**186,411**	167,234
Capital and reserves			
Share capital		**5,000**	5,000
Reserves		**181,411**	162,234
Total equity		**186,411**	167,234

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2011

1. GENERAL

The Company was incorporated in the Cayman Islands and registered as an exempted company under the Companies Law of the Cayman Islands. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 12 August 2010 (the "Listing Date"). Its immediate and ultimate holding company is All Reach Investments Limited, a company incorporated in the British Virgin Islands.

The Company acts as an investment holding company while its subsidiaries are principally engaged in the manufacture and sales of adhesives and related products used in footwear manufacturing. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of principal place of business in Hong Kong and Macau Special Administrative Region, Mainland China ("Macau") are Unit 306, 3/F Printing House, 6 Duddell Street, Central, Hong Kong; and Rua De Pequim, Nos. 202A–246, Macau Finance Centre, 16 andar A-D, Macau, respectively.

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

2. GROUP REORGANISATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparation for the listing of the shares of the Company on the Stock Exchange, the Company and its subsidiaries (hereinafter collectively referred to as the "Group") underwent a group reorganisation (the "Group Reorganisation") which include the following steps:

(a) Prior to 10 June 2009, the business of the Group carried out by Iao Son Hong Tinta e Vernizes, Limitada ("ISH"), Benino Corporation ("Benino"), Bracorp Consulting Inc. ("Bracorp") and Great Oasis International Limited ("Great Oasis") were under common control by the controlling shareholder, Mr. Ieong Un jointly with his wife, Ms. Chan Sut Kuan (the "Controlling Shareholder").

(b) Pursuant to share transfer agreements dated 10 June 2009 and supplementary agreement dated 30 December 2009, Keen Castle Limited ("Keen Castle"), also controlled by the Controlling Shareholders, acquired the entire beneficial interests in ISH, Benino, Bracorp and Great Oasis from the Controlling Shareholder by means of a share exchange where an aggregate of 1,000 shares of Keen Castle were issued to the Controlling Shareholder at par for US$1 each.

(c) Pursuant to a sales and purchase agreement dated 26 March 2010, the Company acquired the entire equity interests of Keen Castle by issuing and allotting a total of 1,999 shares of HK$0.01 each to the then existing shareholders of Keen Castle or its nominee. Thereafter, the Company has become the holding company of the Group since 26 March 2010.

The Group resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the consolidated statements of comprehensive income and cash flows for the year ended 30 September 2010 include the results and cash flows of the companies now comprising the Group which have been prepared by applying the principles of merger accounting, as if the group structure upon the completion of the Group Reorganisation had been in existence throughout the year ended 30 September 2010, or since their respective dates of incorporation/establishment where this is a shorter period.

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

In the current year, the Group has applied a number of amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for the Group's accounting period beginning on 1 October 2010.

The application of those amendments 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, amendments or interpretation that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[6]
HKFRS 7 (Amendments)	Disclosures — Transfers of financial assets[2]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[3]
HKFRS 11	Joint arrangements[3]
HKFRS 12	Disclosure of interests in other entities[3]
HKFRS 13	Fair value measurement[3]
HKAS 1 (Amendments)	Presentation of items of other comprehensive income[4]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[5]
HKAS 19 (Revised 2011)	Employee benefits[3]
HKAS 24 (Revised)	Related party disclosures[1]
HKAS 27 (Revised 2011)	Separate financial statements[3]
HKAS 28 (Revised 2011)	Investments in associates and joint ventures[3]
HK(IFRIC)* — INT 14 (Amendments)	Prepayments of a minimum funding requirement[1]
HK(IFRIC) — INT 20	Stripping costs in the production phase of a surface mine[3]

1 Effective for annual periods beginning on or after 1 January 2011.
2 Effective for annual periods beginning on or after 1 July 2011.
3 Effective for annual periods beginning on or after 1 January 2013.
4 Effective for annual periods beginning on or after 1 July 2012.
5 Effective for annual periods beginning on or after 1 January 2012.
6 Amendments that are effective for annual periods beginning on or after 1 January 2011.

* IFRIC represents the IFRS Interpretations Committee.

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.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors of the Company anticipate that the application to HKFRS 9 may not have material impact on the Group's financial assets and financial liabilities.

The amendments to HKAS 12 titled Deferred Tax: Recovery of Underlying Assets mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors are in the process of assessing the impact on application of these new amendments to HKAS 12 and the directors anticipate that these amendments will have an impact on deferred tax liabilities of the Group.

The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretation will have no material impact on the results and the financial position of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs 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 and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties that are measured at fair values, as explained in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

5. TURNOVER AND SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment focusing on manufacture and sales of adhesives and related products used in footwear manufacturing. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to HKFRSs, that are regularly reviewed by the executive directors of the Company, the chief operating decisions maker. The executive directors of the Company regularly reviews revenue analysis by products, including vulcanized shoes adhesive related products, other adhesives, primers, hardeners and others, and by locations. However, other than revenue analysis, no operating results and other discrete financial information is available for the assessment of performance of the respective products and locations. The executive directors of the Company review the overall results of the Group as a whole to make decisions about resources allocation. Accordingly, no analysis of this single operating segment is presented.

Turnover represents the fair value of the consideration received or receivable for goods sold to outside customers during the year.

Entity-wide information

An analysis of the Group's turnover by products is as follows:

	2011	2010
	HK$'000	*HK$'000*
Sales of		
— vulcanized shoes adhesive related products	**33,964**	13,868
— other adhesives	**202,882**	170,995
— primers	**85,097**	63,927
— hardeners	**48,353**	44,579
— others	**3,258**	2,671
	373,554	296,040

Turnover from external customers, based on locations of customers, attributed to the Group by geographical areas is as follows:

	2011	2010
	HK$'000	*HK$'000*
Turnover		
— PRC	**193,903**	172,586
— Vietnam	**144,514**	117,039
— Indonesia	**26,172**	4,927
— Bangladesh	**8,965**	1,488
	373,554	296,040

For the year ended 30 September 2011, there was one (2010: one) customer contributing revenue of HK$128,705,000 (2010: HK$89,379,000) which accounted for more than 10% of the Group's total revenue.

An analysis of the Group's non-current assets by their geographical location is as follows:

	2011	2010
	HK$'000	*HK$'000*
PRC	**76,898**	61,942
Vietnam	**3,445**	2,183
Bangladesh	**4,986**	2,477
	85,329	66,602

6. OTHER LOSSES

	2011	2010
	HK$'000	*HK$'000*
Bad debts written off	**(376)**	—
Exchange loss, net	**(2,396)**	(958)
Impairment loss recognised in respect of club debentures	**(364)**	—
Loss on disposal of property, plant and equipment	**(3)**	—
	(3,139)	(958)

7. PROFIT BEFORE TAXATION

	2011	2010
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Directors' remuneration	**6,524**	3,922
Other staff's retirement benefits scheme contributions	**1,562**	1,404
Other staff costs	**26,735**	19,600
	34,821	24,926
Less: Staff costs included in research and development costs	**(1,280)**	(862)
	33,541	24,064
Auditor's remuneration	**1,680**	1,535
Cost of inventories recognised as expenses	**286,693**	214,958
Depreciation	**5,271**	4,155
Operating lease rentals in respect of		
— land use rights	**364**	135
— motor vehicles	**1,789**	1,390
— rented premises	**2,915**	1,773
Royalty fees included in cost of goods sold *(Note a)*	**3,100**	2,815
and after crediting:		
Gross property rental income before deduction of outgoings	**1,342**	1,200
Less: Outgoings	**(377)**	(265)
	965	935
Government grants included in other income *(Note b)*	**1,548**	—
Interest income	**104**	123

Notes:

(a) In 2005, the Group entered into an agreement with an independent Japanese company, No-Tape Industrial Co. Ltd., which provided technical assistance in producing or developing certain products of the Group (the "Agreement"). According to the Agreement, the Japanese company would charge the Group for royalty fees based on the volume of certain products sold by the Group. The Agreement was renewed in 2009 with a term of 3 years.

(b) During the year ended 30 September 2011, the Group received government grants of HK$1,548,000 (2010: Nil) from the Macau government for the encouragement of the manufacturing of environmental-friendly adhesive related products. The government grants require no conditions or additional costs and hence are recognised to profit or loss.

8. TAXATION

	2011	2010
	HK$'000	*HK$'000*
The charge comprises:		
PRC Enterprise Income Tax ("EIT")	**(638)**	(71)
Macau complementary tax	**(387)**	(28)
	(1,025)	(99)
Deferred taxation	**(1,352)**	(152)
	(2,377)	(251)

The PRC EIT and Macau complementary tax are calculated at the applicable rates in accordance with the relevant laws and regulations in the respective jurisdictions.

Pursuant to the relevant laws and regulations in Macau, the Macau subsidiaries are subject to Macau complementary tax at a maximum rate of 12%.

Pursuant to the relevant laws and regulations in the PRC, 珠海市澤濤黏合製品有限公司 (Centresin Chemical Products Ltd., Zhuhai) was entitled to exemption from PRC income tax for the two years commencing from its first profit-making year in 2008, followed by a 50% reduction from 2010 to 2012.

According to a joint circular of Ministry of Finance and the State Administration of Taxation, Cai Shui (2008) No. 1, only the profits earned by Zhuhai Centresin and 中山信諾黏合製品有限公司 (Zhongshan Macson Adhesive Products Co., Ltd.) prior to 1 January 2008, when distributed to foreign investors, can be grandfathered with the exemption from withholding tax. Whereas, dividend distributed out of the profit generated thereafter, shall be subject to EIT at 10% and withheld by the PRC entities aforementioned, where appropriate, pursuant to Articles 3 and 27 of the new EIT Law and Article 91 of its Detailed Implementation Rules. Deferred tax liability on the undistributed profits earned since 1 January 2008 have been accrued at the tax rate of 10%.

Pursuant to the relevant laws and regulations in Vietnam, Zhong Bu Adhesive (Vietnam) Co., Ltd. was entitled to exemption from Vietnam income tax for three years commencing from its first profit-making year in 2006, followed by a 50% reduction from 2009 to 2015.

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

9. DIVIDENDS

During the year ended 30 September 2011, a final dividend for 2010 of HK1.8 cents per share, totalling HK$9,000,000 was declared and paid to the shareholders.

The final dividend for 2011 of HK1.2 cents per share has been proposed by the directors and is subject to approval by the shareholders in the annual general meeting. The proposed final dividend of HK$6,000,000 is calculated on the basis of 500,000,000 shares in issue at the date of this announcement.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year is based on the consolidated profit attributable to the owners of the Company and on the number of 500,000,000 shares in issue (2010: weighted average number of 392,123,288 shares on the assumption that the Group Reorganisation and the capitalisation issue have been effective on 1 October 2009).

No dilutive earnings per share is presented as there was no potential ordinary shares in issue during both years.

11. TRADE AND OTHER RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**88,549**	71,524
Bills receivables	**7,445**	200
	95,994	71,724
Value-added tax recoverable	**4,440**	4,578
Other receivables	**2,507**	2,352
Prepayments	**4,736**	2,785
Land use rights	**364**	—
	108,041	81,439

Payment terms with customers are mainly on credit. Invoices are normally payable 15 to 90 days (2010: 30 to 90 days) by the customers from date of issuance. The following is an aged analysis of trade and bills receivables based on the invoice date at the end of the reporting period:

	2011	2010
	HK$'000	*HK$'000*
Age		
0 to 30 days	**40,303**	31,110
31 to 60 days	**40,940**	31,983
61 to 90 days	**8,508**	7,760
91 to 180 days	**6,243**	871
	95,994	71,724

At 30 September 2011, included in the Group's trade receivables balances are balances with aggregate carrying amount of HK$16,015,000 (2010: HK$12,908,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

12. TRADE AND OTHER PAYABLES

	2011	2010
	HK$'000	*HK$'000*
Trade payables	**39,200**	32,496
Bills payable — secured	**18,131**	5,594
	57,331	38,090
Customers' deposits received	**—**	159
PRC business tax payable	**979**	1,700
Accruals	**5,853**	5,001
Others	**2,442**	2,095
	66,605	47,045

The Group normally receives credit terms of 30 to 60 days from its suppliers. The following is an aged analysis of trade and bills payable based on the invoice date at the end of the reporting period:

	2011	2010
	HK$'000	*HK$'000*
Age		
0 to 30 days	**36,795**	20,922
31 to 60 days	**17,170**	14,567
61 to 90 days	**2,132**	2,535
91 to 180 days	**1,234**	66
	57,331	38,090

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group's turnover for the year ended 30 September 2011 was approximately HK$373,554,000 (2010: HK$296,040,000), representing an increase of 26.2% over the last year. Profit attributable to the owners of the Company amounted to approximately HK$23,854,000 (including net increase in fair value of investment properties of approximately HK$8,430,000), representing an increase of approximately 48.5% as compared to the corresponding period last year. During the year, despite the sales growth recorded by the Group in each region, the profit for the year (excluding net increase in fair value of investment properties) failed to grow proportionally, principally due to the impact on increased administrative expenses, rising prices of raw materials and increased taxation.

Driven by the international oil prices, the prices of major raw materials experienced a significant surged in the first half of the year. Despite slight upward adjustment of the selling prices of the products of the Group, adjustment of the selling prices did not fully compensate the rising costs of raw materials, thus causing the overall gross margin to decline. The higher product prices in the current period was also reflected in the sales of various types of products.

During the year, the Group recorded a gross profit of approximately HK$82,308,000 (2010: HK$76,000,000) and profit before taxation of approximately HK$26,231,000 (2010: HK$16,316,000). Investment properties recorded a net increase in fair value of approximately HK$8,430,000 during the period.

The profit for the year failed to increase proportionally with the increase in turnover is mainly attributable to increased staff costs of approximately HK$9,895,000 (including increased personnel due to the promotion of the new vulcanized shoes adhesives business, establishment of branches in Indonesia and Bangladesh and the related business development, and construction of Nansha Plant in Guangzhou, as well as the salary adjustment of the employees/rising cost caused by the exchange rates and inflation of major operating bases (China and Vietnam)), and increased costs for transportation of approximately HK$3,145,000 (due to swift relocation of shoe factories in the Pearl River Delta Region to countries in the Southeast Asia and inland China) and increased taxation of approximately HK$2,126,000.

If excluding the listing expenses of approximately HK$19,863,000 last year and the net increase in fair value of approximately HK$1,440,000 and approximately HK$8,430,000 in investment properties for last year and this year respectively, profit for the year would be decreased by approximately 55.3% from approximately HK$34,488,000 last year to approximately HK$15,424,000 this year.

During the year, profit for the year attributable to the owners of the Company amounted to approximately HK$23,854,000 (2010: HK$16,065,000) and basic earnings per share was HK4.8 cents (2010: HK4.1 cents).

BUSINESS REVIEW AND PROSPECTS

Businesses

The Group is principally engaged in the manufacturing and sales of adhesives, primers, hardeners and vulcanized shoes adhesive related products used by the footwear manufacturers. These products are key production materials used in the different phases during the footwear manufacturing process. Adhesives are used for bonding all components of footwear including outsoles, insoles, and uppers, while vulcanized shoes adhesives are used for bonding all components of vulcanized shoes. Primers are used in the pretreatment of footwear components, including outsoles, insoles, and uppers, prior to the application of adhesives. Hardeners, being a curing agent, are used by mixing with adhesives to control or promote the curing action of adhesives.

Segment Information

The principal activities set out above are the single operating segment of the Group. For management purpose, the management of the Group will review and analyze the revenues by products and by locations.

Products

1. *Adhesives*

   During the year, the sales revenue generated from this product category was approximately HK$202,882,000 (2010: HK$170,995,000), representing approximately 54.3% of the Group's total turnover.

2. *Primers*

   During the year, the sales revenue generated from this product category was approximately HK$85,097,000 (2010: HK$63,927,000), representing approximately 22.8% of the Group's total turnover.

3. *Hardeners*

   During the year, the sales revenue generated from this product category was approximately HK$48,353,000 (2010: HK$44,579,000), representing approximately 12.9% of the Group's total turnover.

   Although a distribution agreement entered into between the Group and the existing hardener supplier expired on 30 June 2011, both parties still maintain a business relationship where existing provision and sales of hardeners are not affected. During the period, the Group also reached purchase and supply agreements with other hardener suppliers, thus causing no negative impact on the hardener business of the Group when the relevant distribution agreement terminated. The sales revenue generated from hardeners still recorded an increase of 8.5% during the year.

4. *Vulcanized shoes adhesive related products*

   During the year, the sales revenue generated from this product category was approximately HK$33,964,000 (2010: HK$13,868,000), representing approximately 9.1% of the Group's total turnover.

   The vulcanized shoes adhesive related products have entered into the phase of stable and speedy growth. During the year, the sales revenue generated from such products recorded an increase of approximately 144.9%. The Directors expected that such products will continue to be an important contributor to the growth in sales performance and earnings of the Group in the future.

Regional Information

1. *The PRC market*

   During the year, by region, the turnover in the PRC market increased by 12.4% over the last year to approximately HK$193,903,000 (2010: HK$172,586,000), representing approximately 51.9% of the Group's total turnover.

   The Directors expected that the relevant market would continue to maintain a steady growth in the coming year.

2. *The Vietnamese market*

   During the year, by region, the turnover in the Vietnamese market increased by 23.5% over the last year to approximately HK$144,514,000 (2010: HK$117,039,000), representing approximately 38.7% of the Group's total turnover.

   The Directors expected that the relevant market would continue to maintain a rapid growth in the coming year.

3. *The Indonesian market*

   During the year, by region, the turnover in the Indonesian market increased by 431.2% over the last year to approximately HK$26,172,000 (2010: HK$4,927,000), representing approximately 7.0% of the Group's total turnover.

   During the year, the turnover in the Indonesian market soared 431.2%, mainly due to the relatively low turnover base for the corresponding period last year as well as the fast growth period of the sale performance in Indonesia. Given the abovementioned situation, the Group has established a branch in Indonesia, and has rent a parcel of industrial land along with its plants and office buildings (currently being renovated and installed with equipment). Local production is planned to launch in the first half of 2012, while the operation of existing bonded warehouses continues. The double-track operation is in place until the local production becomes successful. By then, the operation of bonded warehouses will be abolished. The Directors expected that the relevant market would continue to maintain a rapid growth in the coming year.

4. *The Bangladeshi market*

   During the year, by region, the turnover in the Bangladeshi market increased by 502.5% over the last year to approximately HK$8,965,000 (2010: HK$1,488,000), representing approximately 2.4% of the Group's total turnover.

   During the year, the turnover in the Bangladeshi market soared 502.5%, mainly due to the relatively low turnover base for the corresponding period last year. As the progress of foreign investments in footwear production plants in Bangladesh are slower than expected, the Directors expected that the relevant market would continue to maintain a steady growth in the coming year.

Production Facilities

1. *The Nansha Plant in Guangzhou:*

   The foundation of the Nansha Plant in Guangzhou, the PRC is now completed with invested fund of approximately HK$6,200,000. Given the trend that the footwear manufacturing industry is shifting to the Southeast Asia and other regions in an orderly manner, the management will slow its pace in the new Nansha Plant project in Guangzhou which not yet commenced production, pending further corresponding adjustment subject to the changing market environment in the future.

   The original proceeds raised from the listing for the construction of the Nansha Plant will currently be reallocated (approximately HK$28,800,000) to the investments in the construction of the second phase project in Zhuhai and the expansion of the Vietnamese Plant.

2. *The Zhuhai Plant:*

   As the Group's sales in the PRC market still remained upward, the management decided to execute the second phase project on the land reserved for development in the existing Zhuhai Plant (including construction of plants, production facilities and warehouses) in order to satisfy the needs of the sales growth in the PRC market. The management believed building the second phase project in the existing Zhuhai Plant was more cost-efficient than the current investment in the Nansha Plant in Guangzhou based on the changes in the PRC market. It is expected that the construction of the second phase project in Zhuhai would require additional investment of approximately HK$18,000,000. Such investment will be provided by reallocation of the proceeds raised from the listing.

3. *The Zhongshan Plant:*

   During the year, in order to alleviate the production capacity pressure of the Zhuhai Plant, the Group invested a further portion of production facilities in the Zhongshan Plant (through internal resources) to enhance its production capacity.

4. *The Vietnamese Plant:*

   Given the orderly shift of the footwear manufacturing industry to the Southeast Asia as well as the necessity to satisfy market development in the future, the management decided to expand the existing scale of the Vietnamese Plant in the future, and position it as the manufacturing base of the Group in the Southeast Asia. Currently, the Group is considering an appropriate chemical and industrial land or an available chemical plant (in that the industrial land reserved for plant construction fails to meet the needs of a manufacturing base) for its full-speed construction or conversion (partial investment of approximately HK$10,800,000 invested in the Vietnamese Plant will be funded by reallocation of the proceeds raised from the listing).

5. *The Bangladeshi Plant:*

   Due to the slow progress of the local construction, the project fell behind the expected timetable. The current products available in Bangladesh remain to be directly exported from the Zhuhai Plant in China to the local customers. The Group expected the completion and operation of the Bangladeshi Plant in the first half of 2012.

6. *The Indonesian Plant:*

During the year, the Group used the bonded warehouses to sell products to local customers in Indonesia. As the Indonesian market saw a rapid growth in its sales, the Group has established a branch in Indonesia, and has rent a parcel of industrial land along with its plants and office buildings currently being renovated and installed with equipment. Such investment is provided by internal resources. Local production is scheduled to launch in the first half of 2012, while the operation of existing bonded warehouses continues. The double-track operation is in place until the local production becomes successful. By then, the operation of bonded warehouses will be abolished.

Cost control

In the PRC market, due to factors causing the high level of operating costs, such as the appreciation of Renminbi, the minimum wage standard improved by the PRC government, the shortage of labor force, and inflation, the Group will carefully review and extensively investigate into the current situation in relation with costs and resource allocation. The Group will also improve its internal management in a proactive manner for the purposes of effective control and lowering of operating costs.

Research and Development

The Group will continuously develop premium products to meet the market needs on the environment-friendly basis, and closely observe the development trend in the future for research and development of products preemptively targeted at the future development needs in the industry. In addition to the technology cooperation between the Group and the No-Tape Japanese as well as its own research and development team, the Group also entered into technology cooperation agreements with several sophisticated technology experts in the industry (including those from countries and regions such as Japan, Taiwan and Hong Kong). Hopefully, such measures will enhance the research and development capability of the Group so as to maintain the leading position of its technologies in the industry.

Prospects

While 2012 will remain a year of extreme uncertainties and challenges rife in the market environment, the Directors remain conservative but optimistic towards the results growth of the Group for the coming year. Under a weak market environment where the industry remains a reshuffling stage as well as the current situations include continued growth in global demand for footwear (especially in emerging markets), more stringent demand for the quality of adhesion on the part of manufacturers, rapid increase in the demand for the use of environment-friendly water-based adhesive products by footwear brands and manufacturers, and ongoing diversion of the footwear manufacturing industry to low-cost countries or regions, the Group has prepared itself for the swift changes in the market, and completed the relevant deployments and regional placements. The Directors believe that the abovementioned market changes will positively help the sale performance of the Group, and anticipate stable growth in the sales of traditional shoe-making adhesive products for the coming year, with significant gains from new footwear manufacturing bases in Asia in particular. The Group will continue to commit more resources to expedite/enhance marketing efforts for its range of vulcanized shoes adhesive related products, which are currently market leaders. The Group will also continue to expand its current sales and distribution network in PRC, with a view to increasing its domestic sales to capture additional market shares.

Leveraging on solid experience accumulated over years by the Group, premium products recognized by the market and its competence in research and development/improvement of products, the Group will commit itself on a continuous healthy business growth in the industry, and gear up for any opportunity arising from economic recovery. In the meantime, the Group will implement the business strategy of diversified development, including identification and exploration of synergic investment opportunities through resources allocation in order to broaden revenue sources, improve its competence in response to changes and development in the future market, and maximize the returns for its shareholders and employees.

Liquidity and Financial Resources and Capital Structure

For the year ended 30 September 2011, the Group's working capital requirement was principally financed by its internal resources and banking facilities.

As at 30 September 2011, the Group had cash and cash equivalents, net current assets and total assets less current liabilities of approximately HK$39,433,000 (2010: HK$43,340,000), approximately HK$104,820,000 (2010: HK$102,922,000) and approximately HK$190,149,000 (2010: HK$169,524,000) respectively.

As at 30 September 2011, the Group had total bank borrowings, on floating interest rates basis, of approximately HK$55,216,000 (2010: HK$16,917,000). All these utilised bank borrowings was short term and were secured by land use rights, land and buildings and investment properties held under medium-term leases.

The total bank borrowings of the Group, mainly denominated in Hong Kong dollars and Renminbi, were mainly for business expansion, capital expenditure and working capital purposes.

Total equity attributable to owners of the Company as at 30 September 2011 increased by approximately HK$19,177,000 to approximately HK$186,411,000. The gearing ratio (calculated as the ratio of total borrowings : total assets) of the Group as at 30 September 2011 was approximately 0.18 (2010: 0.07).

Significant Investments

The Group had acquired five golf club memberships in Macau and PRC at the consideration of HK$1,444,000. Details of which was published on the Company's announcements dated 13 May 2011 and 17 May 2011.

Save as disclosed elsewhere under the section headed "Management Discussion and Analysis", the Group had no significant investment held.

Acquisition and Disposal of Subsidiaries and Associated Companies

The Group had no material acquisition and disposal of subsidiaries and affiliated companies during the year.

Employee Information

As at 30 September 2011, the Group employed a total of 321 (2010: 314) employees. It is the policy of the Group to provide and regularly review its employees' pay levels, performance bonus system and other fringe benefits (including social insurance coverage and company sponsored training) regularly to ensure that the remuneration policy is competitive within the relevant industry. During the year, the staff cost (including Directors' emoluments) amounted to approximately HK$34,821,000 (2010: HK$24,926,000).

In order to provide incentive or reward to eligible persons for their contribution to the Group and to enable the Group to recruit and retain human resources that are valuable to the Group, the Company adopted a Share option scheme (''2010 Scheme'') as detailed in the Company's prospectus dated 29 July 2010 (the "Prospectus"), under which it may grant options to eligible persons, including but not limited to employees, directors and consultants, with the Group. During the year, no options have been granted nor exercised pursuant to the 2010 Scheme.

Charges on Group Assets

As at 30 September 2011, certain interests in land use rights, land and buildings and investment properties held under medium-term leases of approximately HK$36,575,000 (2010: HK$28,363,000) were pledged to banks for bank borrowings totalling approximately HK$55,216,000 (2010: HK$16,917,000) granted to the Group.

Future Plans for Material Investments and Expected Sources of Funding

The Group had no future plans for material investments as at the date of the announcement.

The management, however, will remain to closely observe the development and operating condition of the industry. It will seek investments in companies/projects that could bring synergy to the Group should the targets/opportunities arise. In addition, the management may also invest in new business projects in situations they consider in favour to the future of the Group. Given the current uncertain market conditions, the management may fund new projects not mentioned in the prospectus through fund raising or loans while reserve the internal resources for its core businesses.

Exposure to Fluctuations in Exchange Rates

The Group has foreign currency sales and certain financial assets and liabilities are denominated in foreign currency, which expose the Group to risk principally in Renminbi, New Taiwan Dollars and United States dollars. The Group does not expect any appreciation or depreciation of the Hong Kong Dollars against foreign currencies which might materially affects the Group's result of operations. The Group did not employ any financial instruments for hedging purposes.

Capital Commitments

As at 30 September 2011, the Group had capital commitments of approximately HK$36,291,000 (2010: HK$40,673,000) in respect of the acquisition of property, plant and equipment.

Contingent Liabilities

Save as discussed elsewhere under the section headed "Management Discussion and Analysis", the Group did not have any material contingent liabilities as at 30 September 2011.

CHANGE OF USE OF PROCEEDS

The proposed net proceeds from the Share Offer, were estimated to be HK$54.0 million which is calculated based on the offer price of HK$0.60, would be used to achieve the Group's business objective, was set out under the section "Use of Proceeds" in the Prospectus and subsequently amended in the announcement of allotment results of the Company dated 11 August 2010 (the "Disclosed Use of Proceeds").

Due to the increased listing expenses, the actual net proceeds raised was approximately HK$49 million. It will be used for the expansion of production capacity and the shortfall will be financed by either bank loan or internal resources. As mentioned in the above that the footwear manufacturing industry is shifting to the Southeast Asia and other regions, in order to capture the business opportunities in a more appropriated manner, the Board proposes to change the use of proceeds (the "Newly Proposed Use of Proceeds").

Set out below are the comparisons of the Disclosed Use of Proceeds, the actual use of proceeds as at the date of this announcement and the Newly Proposed Use of Proceeds.

The Disclosed Use of Proceeds	*Notes*	**The actual use of proceeds as at the date of this announcement**	**The Newly Proposed Use of Proceeds**
• Approximately HK$35 million for the expansion of the production capacity in PRC	*1*	• Approximately HK$6.2 million was used for the expansion of the production capacity in PRC	• Approximately HK$24.2 million was used for the expansion of the production capacity in PRC
• Approximately HK$5.5 million for the expansion of the production capacity in Vietnam	*1, 2*	• None of the proceeds from listing has been used for the expansion of the production capacity in Vietnam	• Approximately HK$16.3 million was used for the expansion of the production capacity in Vietnam
• Approximately HK$5.5 million for the expansion of the production capacity in Bangladesh	*3*	• Approximately HK$3.6 million has been used for the expansion of the production capacity in Bangladesh	• Same as the Disclosed Use of Proceeds
• Approximately HK$4 million for the investment in research and development team	*4*	• Approximately HK$1.3 million for the investment in research and development team	• Same as the Disclosed Use of Proceeds
• Approximately HK$4 million for the expansion of the marketing and technical service team	*5*	• Approximately HK$1.9 million for the expansion of the marketing and technical service team	• Same as the Disclosed Use of Proceeds

Notes:

1. The Board proposes to re-allocate the proceeds of approximately HK$18 million originally proposed to be used for the expansion of the production capacity in Nansha Plant in PRC to Zhuhai Plant in PRC because it is more cost-efficient.

2. The Board proposes to re-allocate the proceeds of approximately HK$10.8 million originally proposed to be used for the expansion of the production capacity in Nansha Plant in PRC for the expansion of the production capacity in Vietnam Plant because the footwear manufacturing industry is shifting to the Southeast Asia and other regions in an orderly manner, together with the original proposed use of proceeds of HK$5.5 million, the aggregate amount for the expansion of production facilities located in Vietnam will be approximately HK$16.3 million.

3. The Board considers that the shortfall of HK$0.2 million will be financed by either bank loan or internal resources.

4. The Board considers that the shortfall of HK$2.7 million will be financed by either bank loan or internal resources.

5. The Board considers that the shortfall of HK$2.1 million will be financed by either bank loan or internal resources.

DIVIDENDS

The Board of Directors recommend the payment of a final dividend of HK1.2 cents per share for the year ended 30 September 2011 subject to the approval of the shareholders at the forthcoming annual general meeting. The final dividend will be payable on or about 9 March 2012 to shareholders whose names appear on the register of members on 10 February 2012.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 30 September 2011 and up to the date of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct for Directors in their dealings in the Company's securities. Having made specific enquiry to all the Directors of the Company, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code for the year ended 30 September 2011.

CODE ON CORPORATE GOVERNANCE PRACTICE

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules. Since the Listing Date, the Company was in compliance with all the applicable code provisions as set out in the CG Code, except for the deviation of the provision A.2.1. of the Code as mentioned below.

Code Provision A.2.1. provides that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The Company deviates from this provision because Mr. Ieong Un has been performing both the roles of Chairman and Chief Executive Officer. Mr. Ieong is the founder of the Group and has over 20 years of experience in the adhesive related industry. The Directors consider that vesting two roles in the same person provides the Group with strong and consistent leadership in the development and execution of the Group's business strategies and is beneficial to the Group. The Directors will continue to review the effectiveness of the current structure and assess whether change in the separation of the roles of Chairman and Chief Executive Officer is necessary.

AUDIT COMMITTEE

The Company established the audit committee on 26 March 2010 which currently comprises three independent non-executive Directors, namely, Mr. Chan Wing Yau George, Mr. Ho Gilbert Chi Hang and Mr. Poon Yick Pang Philip.

The audit committee is primarily responsible for the review and supervision of the Group's financial reporting process and internal control system. It has reviewed the accounting principles and practices adopted by the Company and the audited annual financial statements of the Group for the year ended 30 September 2011.

PUBLICATION OF THE AUDITED ANNUAL RESULTS AND ANNUAL REPORT

In accordance with the requirements under the Listing Rules, the 2011 Annual Report containing all the Company's information set out in this announcement including the audited financial results for the year ended 30 September 2011 will be posted on the Company's website (www.infinitychemical.com) and the website of the Stock Exchange (www.hkex.com.hk) in due course.

By order of the Board
Infinity Chemical Holdings Company Limited
Ip Ka Lun
Director

Hong Kong, 20 December 2011

As at the date of this announcement, the Board of Directors comprises five executive Directors, namely, Mr. Ieong Un, Mr. Ip Chin Wing, Mr. Ip Ka Lun, Mr. Stephen Graham Prince and Mr. Tong Yin On and three independent non-executive Directors, namely Mr. Chan Wing Yau George, Mr. Ho Gilbert Chi Hang and Mr. Poon Yick Pang Philip.