

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



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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 31 MARCH 2012**

The board of directors (the “Board”) of Infinity Chemical Holdings Company Limited (the “Company”) is pleased to announce its unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 31 March 2012 together with the comparative figures for the corresponding period in 2011 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 31 March	
	<i>Notes</i>	2012 <i>HK\$'000</i> (unaudited)	2011 <i>HK\$'000</i> (unaudited)
Turnover	3	188,236	159,759
Cost of goods sold		(144,861)	(125,178)
Gross profit		43,375	34,581
Other income		1,617	1,833
Other losses	4	(1,477)	(1,711)
Research and development costs		(991)	(959)
Selling and distribution costs		(8,264)	(6,811)
Administrative expenses		(25,947)	(21,774)
Interest on bank borrowings wholly repayable within five years		(1,196)	(653)
Profit before taxation	5	7,117	4,506
Taxation	6	(1,116)	(359)
Profit for the period		6,001	4,147
Other comprehensive income			
— exchange differences arising on translation of foreign operations		381	1,490
Total comprehensive income for the period		6,382	5,637
Earnings per share — Basic	8	HK1.20 cents	HK0.83 cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	31 March 2012	30 September 2011
		<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
Non-current assets			
Investment properties		20,750	20,750
Property, plant and equipment		43,534	44,043
Land use rights		18,719	18,804
Deposits made on acquisition of property, plant and equipment		656	652
Club debentures		1,080	1,080
		84,739	85,329
Current assets			
Inventories		63,258	80,220
Trade, bills and other receivables	9	99,453	108,041
Pledged/restricted bank deposits		23,801	16,725
Bank balances and cash		17,938	22,708
		204,450	227,694
Current liabilities			
Trade, bills and other payables	10	50,049	66,605
Taxation		1,386	1,053
Current portion of secured long-term bank loans		8,953	10,704
Secured short-term bank loans		27,226	26,448
Bank overdrafts — secured		10,628	18,064
		98,242	122,874
Net current assets		106,208	104,820
Total assets less current liabilities		190,947	190,149
Non-current liabilities			
Deferred taxation		4,154	3,738
Net assets		186,793	186,411
Capital and reserves			
Share capital		5,000	5,000
Reserves		181,793	181,411
Total equity		186,793	186,411

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 31 March 2012

1. BASIS OF PRESENTATION

The condensed consolidated financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The condensed consolidated financial information is presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial information has been prepared under the historical cost basis, except for investment properties which are measured at fair values.

The accounting policies used in the condensed consolidated financial information for the six months ended 31 March 2012 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 30 September 2011.

In the current interim period, the Group has applied, for the first time, a number of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 October 2011.

The adoption of these new and revised HKFRSs has had no material effect on the amounts reported in this condensed consolidated financial information and/or disclosures set out in this condensed consolidated financial information.

The Group has not early applied new and revised standards, amendments or interpretation that have been issued but are not yet effective.

The amendments to HKAS 12 “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 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 anticipate that the application of these amendments to HKAS 12 will not have material 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.

3. 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 executive directors of the Company regularly review 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 result 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 result 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 or receivable for goods sold to outside customers during the period.

Entity-wide information

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

	Six months ended 31 March	
	2012	2011
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Sales of:		
— vulcanized shoes adhesive related products	24,018	13,370
— other adhesives	97,218	90,888
— primers	43,293	32,042
— hardeners	22,159	22,694
— others	1,548	765
	<u>188,236</u>	<u>159,759</u>

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

	Six months ended 31 March	
	2012	2011
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Turnover		
— Mainland China (the "PRC")	96,930	80,650
— Vietnam	67,147	67,199
— Indonesia	20,136	9,550
— Bangladesh	4,023	2,360
	<u>188,236</u>	<u>159,759</u>

For the six months ended 31 March 2012, there was a customer (2011: one) contributing revenue of HK\$69,069,000 (six months ended 31 March 2011: HK\$55,366,000) 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:

	At 31 March 2012 <i>HK\$'000</i> (unaudited)	At 30 September 2011 <i>HK\$'000</i> (audited)
PRC	76,000	76,898
Vietnam	3,567	3,445
Bangladesh	5,172	4,986
	<u>84,739</u>	<u>85,329</u>
4. OTHER LOSSES		
	Six months ended 31 March	2011
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Exchange loss, net	(1,477)	(1,516)
Allowance for doubtful debts	—	(182)
Write-off of property, plant and equipment	—	(13)
	<u>(1,477)</u>	<u>(1,711)</u>
5. PROFIT BEFORE TAXATION		
	Six months ended 31 March	2011
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging:		
Amortisation of land use rights	176	179
Depreciation	2,715	2,521
and after crediting:		
Gross property rental income before deduction of outgoings	550	660
Less: Outgoings	(151)	(134)
	<u>399</u>	<u>526</u>
Interest income	<u>44</u>	<u>81</u>

6. TAXATION

Six months ended 31 March

2012 2011

HK\$'000 HK\$'000

(unaudited) (unaudited)

The charge comprises:

PRC Enterprise Income Tax (“EIT”)	(637)	(252)
Macau complementary tax	(61)	—
Taxation in other overseas jurisdictions	(14)	—
	<hr/>	<hr/>
	(712)	(252)
Deferred taxation	(404)	(107)
	<hr/>	<hr/>
	(1,116)	(359)

The PRC EIT, and other overseas taxation for the current period 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) (“Zhuhai Centresin”) 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 PRC 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.

7. DIVIDENDS

During the six months ended 31 March 2012, a final dividend of HK1.2 cents per share in respect of the year ended 30 September 2011 (six months ended 31 March 2011: HK1.8 cents per share in respect of the year ended 30 September 2010), totalling HK\$6,000,000 (six months ended 31 March 2011: HK\$9,000,000) was declared and paid to the shareholders of the Company.

The directors do not recommend the payment of an interim dividend.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share for the period is based on the condensed consolidated profit attributable to the owners of the Company and on 500,000,000 (six months ended 31 March 2011: 500,000,000) shares in issue during the period.

No diluted earnings per share is presented as there were no potential ordinary shares during both periods.

9. TRADE, BILLS AND OTHER RECEIVABLES

Payment terms with customers are mainly on credit. Invoices are normally payable 15 to 90 days (six months ended 31 March 2011: 30 to 90 days) by the customers from date of issuance. The following is an aged analysis of trade receivables based on the invoice date at the end of the reporting period:

	At 31 March 2012 <i>HK\$'000</i> (unaudited)	At 30 September 2011 <i>HK\$'000</i> (audited)
Age		
0 to 30 days	40,574	40,303
31 to 60 days	39,534	40,940
61 to 90 days	4,992	8,508
91 to 180 days	2,048	6,243
	<u>87,148</u>	<u>95,994</u>

10. TRADE, BILLS AND OTHER PAYABLES

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:

	At 31 March 2012 <i>HK\$'000</i> (unaudited)	At 30 September 2011 <i>HK\$'000</i> (audited)
Age		
0 to 30 days	24,169	36,795
31 to 60 days	13,966	17,170
61 to 90 days	1,988	2,132
91 to 180 days	2,598	1,234
	<u>42,721</u>	<u>57,331</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The Group's turnover for the six months ended 31 March 2012 (the "Period") was approximately HK\$188,236,000 (2011: HK\$159,759,000), representing an increase of 17.8% over the corresponding period last year. Profit attributable to the owners of the Company amounted to approximately HK\$6,001,000, representing an increase of approximately 44.7% as compared to the corresponding period last year. During the Period, as the sales growth in most of the regions and the increase in sales price of products, the overall gross profit margin therefore showed improvement. The higher product prices were also reflected in the sales of various types of products.

During the Period, the Group recorded a gross profit of approximately HK\$43,375,000 (2011: HK\$34,581,000) and profit before taxation of approximately HK\$7,117,000 (2011: HK\$4,506,000).

During the Period, the expenses which increased mainly comprised selling and distribution costs and administrative expenses totalling HK\$5,626,000, of which the costs of transportation, accounting costs and wages and related expenses have increased by approximately HK\$4,200,000.

During the Period, profit for the period attributable to the owners of the Company amounted to approximately HK\$6,001,000 (2011: HK\$4,147,000) and basic earnings per share was HK1.20 cents (2011: HK0.83cent).

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 Period, the sales revenue generated from this product category was approximately HK\$97,218,000 (2011: HK\$90,888,000), representing approximately 51.6% of the Group's total turnover.

2. *Primers*

During the Period, the sales revenue generated from this product category was approximately HK\$43,293,000 (2011: HK\$32,042,000), representing approximately 23.0% of the Group's total turnover.

3. *Hardeners*

During the Period, the sales revenue generated from this product category was approximately HK\$22,159,000 (2011: HK\$22,694,000), representing approximately 11.8% of the Group's total turnover.

4. *Vulcanized shoes adhesive related products*

During the Period, the sales revenue generated from this product category was approximately HK\$24,018,000 (2011: HK\$13,370,000), representing approximately 12.8% of the Group's total turnover.

Regional Information

1. *The PRC market*

During the Period, by region, the turnover in the PRC market increased by 20.2% over the corresponding period last year to approximately HK\$96,930,000 (2011: HK\$80,650,000), representing approximately 51.5% of the Group's total turnover. The management expected that the relevant market would continue to maintain a steady growth in the future.

2. *The Vietnamese market*

During the Period, by region, the turnover in the Vietnamese market was approximately HK\$67,147,000 (2011: HK\$67,199,000), representing approximately 35.7% of the Group's total turnover.

During the Period, the impact of European debt crisis reduced the orders from customers. Accordingly, the sales in the Vietnamese market were basically the same as compared to the corresponding period last year. The management expected that the relevant market would continue to maintain a rapid growth in the future.

3. *The Indonesian market*

During the Period, by region, the turnover in the Indonesian market increased by 110.8% over the corresponding period last year to approximately HK\$20,136,000 (2011: HK\$9,550,000), representing approximately 10.7% of the Group's total turnover. The management expected that the relevant market would continue to maintain a rapid growth in the future.

4. *The Bangladeshi market*

During the Period, by region, the turnover in the Bangladeshi market increased by 70.5% over the corresponding period last year to approximately HK\$4,023,000 (2011: HK\$2,360,000), representing approximately 2.1% of the Group's total turnover.

During the Period, the turnover in the Bangladeshi market soared 70.5%, mainly due to the relatively low turnover base for the corresponding period last year. The management expected that the relevant market would continue to maintain a steady growth in the future.

Production Facilities

1. The Nansha Plant in Guangzhou:

The foundation of the Nansha Plant in Guangzhou, the PRC is now completed. 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 has not yet commenced production, pending further corresponding adjustment subject to the changing market environment in the future.

2. The Zhuhai Plant:

As the Group's sales in the PRC market still remained upward, the management decided to execute the second phase expansion project on the land reserved for development in the existing Zhuhai Plant. The management believed that executing the second phase expansion 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 now entering into the preparation stage (including construction of plants, production facilities and warehouses) according to the plan.

3. The Zhongshan Plant:

During the Period, 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 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. Currently, the investment in the old plant has added some equipment for production to enhance its production capacity. The new plant is now entering into the preparation stage (including selection of appropriate industrial land, commencement of plant design and warehouses) according to the plan.

5. The Bangladeshi Plant:

Due to the sluggish 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 construction and operation of the Bangladeshi Plant will be completed and commenced by the year end of 2012.

6. The Indonesian Plant: Trial Production

The Indonesian Plant is now installing equipment and the trial production has commenced. It is expected that the plant will duly commence mass production by the end of June according to the plan.

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 invest in and develop premium products to meet the market needs on the environmentally friendly basis, and closely observe the development trend in the future for research and development of products, preemptively targeted on the future development needs in the industry. In addition to the technology cooperation between the Group and No-Tape from Japan 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 due to the outbreak of European debt crisis, 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 at a reshuffling stage as well as the current situations including continued growth in global demand for footwear (especially in emerging markets), more stringent demand for the quality of adhesives 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 management believes that the abovementioned market changes will positively help the sale performance of the Group, and anticipates 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 the 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 and 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 six months ended 31 March 2012, the Group's working capital requirement was principally financed by its internal resources and banking facilities.

As at 31 March 2012, the Group had cash and cash equivalents, net current assets and total assets less current liabilities of approximately HK\$41,739,000 (30 September 2011: HK\$39,433,000), approximately HK\$106,208,000 (30 September 2011: HK\$104,820,000) and approximately HK\$190,947,000 (30 September 2011: HK\$190,149,000) respectively.

As at 31 March 2012, the Group had total bank borrowings, on floating interest rates basis, of approximately HK\$46,807,000 (30 September 2011: HK\$55,216,000). 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 31 March 2012 increased by approximately HK\$382,000 to approximately HK\$186,793,000. The gearing ratio (calculated as the ratio of total borrowings: total assets) of the Group as at 31 March 2012 was approximately 0.16 (30 September 2011: 0.18).

Significant Investments

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 period.

Employee Information

As at 31 March 2012, the Group employed a total of 317 (2011: 319) 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) to ensure that the remuneration policy is competitive within the relevant industry. During the period, the staff cost (including Directors' emoluments) amounted to approximately HK\$14,139,000 (2011: HK\$11,211,000).

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 period, no options have been granted nor exercised pursuant to the 2010 Scheme.

Charges on Group Assets

As at 31 March 2012, certain interests in land use rights, land and buildings and investment properties held under medium-term leases of approximately HK\$36,167,000 (30 September 2011: HK\$36,575,000) and bank deposits of HK\$23,801,000 (30 September 2011: HK\$16,725,000) were pledged to banks for bank borrowings totalling approximately HK\$46,807,000 (30 September 2011: HK\$55,216,000) granted to the Group.

Future Plans for Material Investments and Expected Sources of Funding

Save as discussed elsewhere under the section headed “Management Discussion and Analysis”, the Group had no future plans for material investments as at the date of this 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 31 March 2012, the Group had capital commitments of approximately HK\$35,453,000 (30 September 2011: HK\$36,291,000) in respect of the acquisition of property, plant and equipment.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 March 2012.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend (2011: Nil) for the six months ended 31 March 2012.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 31 March 2012.

USE OF PROCEEDS

Following the listing of the Shares of the Company on the Stock Exchange on 12 August 2010, the net proceeds raised from the initial public offering of the Company were approximately HK\$49.0 million, of which approximately HK\$14.4 million had been utilised up to the date of this announcement. The proceeds have been changed and disclosed in the annual results announcement of the Company dated 20 December 2011. A summary of the proposed use of proceeds (after deducting the shortfall of HK\$5 million between the proposed net proceeds as disclosed in the Company's prospectus dated 29 July 2010 and the announcement of allotment results of the Company dated 11 August 2010) and the actual use of proceeds was set out below:

The proposed use of proceeds as disclosed in the announcement dated 20 December 2011 (after deducting the shortfall of HK\$5 million financed by bank loan or internal resources)

The actual use of proceeds as at the date of this announcement

- | | |
|--|--|
| <ul style="list-style-type: none">• Approximately HK\$24.2 million for the expansion of the production capacity in PRC• Approximately HK\$16.3 million for the expansion of the production capacity in Vietnam• Approximately HK\$5.3 million for the expansion of the production capacity in Bangladesh• Approximately HK\$1.3 million for the investment in research and development team• Approximately HK\$1.9 million for the expansion of the marketing and technical service team | <ul style="list-style-type: none">• Approximately HK\$7.3 million was used• Approximately HK\$0.2 million was used• Approximately HK\$3.7 million was used• Approximately HK\$1.3 million was used• Approximately HK\$1.9 million was used |
|--|--|

The proceeds actually used as at the date of this announcement for the expansion of the production capacity in PRC, Vietnam and Bangladesh are lower than proposed due to the Company's strategy to adjust the expansion plan in response to the uncertain and challenging market environment. Shareholders may refer to the sections headed "Production facilities" and "Prospects" in the management discussion and analysis of this announcement for more details.

AUDIT COMMITTEE

The Audit Committee has been established to review and supervise the financial reporting process and internal control system of the Company. The audit committee comprises the three independent non-executive Directors of the Company, namely, Mr. Chan Wing Yau George, Mr. Ho Gilbert Chi Hang and Mr. Poon Yick Pang Philip. The unaudited interim results have been reviewed by the Audit Committee.

The Company's external auditor, Deloitte Touche Tohmatsu, has conducted a review of the interim financial information of the Group for the six months ended 31 March 2012 in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules during the period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors of the Company, all Directors confirmed that they had complied with the required standard set out in the Model Code during the period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Directors confirmed that the Company had maintained a sufficient public float as required under the Listing Rules throughout the six months ended 31 March 2012.

DISCLOSURE OF INFORMATION

The interim report of the Group will be duly despatched to shareholders and published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.infinitychemical.com) in due course.

By order of the Board
Infinity Chemical Holdings Company Limited
Tong Yiu On
Director

Hong Kong, 30 May 2012

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