THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountants or other professional adviser.

If you have sold or transferred all your shares in Infinity Chemical Holdings Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser of the transferee.

INFINITY CHEMICAL HOLDINGS COMPANY LIMITED
星 謙 化 工 控 股 有 限 公 司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 640)

DISCLOSEABLE AND CONNECTED TRANSACTION
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

AmCap
Ample Capital Limited
豐盛融資有限公司

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 5 to 25 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 26 of this circular. A letter from Ample Capital, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 27 to 51 of this circular.

A notice convening the EGM to be held at Falcon Room 1, Gloucester Luk Kwok Hotel, 72 Gloucester Road, Wanchai, Hong Kong on Friday, 28 December 2012 at 10:00 a.m. or any adjournment thereof is set out on pages 72 and 73 of this circular. A form of proxy for use in the EGM is enclosed with this circular. Whether or not you propose to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

10 December 2012

CONTENTS

In this circular, the following expressions have the following meanings unless the context otherwise requires:

"Acquisition"	the acquisition of the Sale Share and the Sale Loan by the Purchaser from Mr. Ieong pursuant to the terms and conditions of the SP Agreement
"Ample Capital"	Ample Capital Limited, a licensed corporation to carry on businesses in types 4, 6 and 9 regulated activities (advising on securities, corporate finance and asset management) under the SFO, and independent financial adviser to the Independent Board Committee and Independent Shareholders in respect of the Acquisition
"associates"	has the meaning ascribed to this term under the Listing Rules
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday, a Sunday or a public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
"BVI Subsidiary"	Starry Skyline Limited, a company incorporated in British Virgin Islands whose entire issued share capital is wholly and beneficially owned by the Target Company
"Company"	Infinity Chemical Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
"Completion"	completion of the sale and purchase of the Sale Share and the Sale Loan in accordance with the terms and conditions of the SP Agreement
"connected person(s)"	has the meaning ascribed to this term under the Listing Rules
"Consideration"	HK$45,000,000 being the total consideration for the sale and purchase of the Sale Share and the Sale Loan
"Consideration Shares"	69,230,769 new Shares falling to be allotted and issued by the Company upon Completion to satisfy part of the Consideration
"Deposit"	HK$9,000,000, being the refundable deposit and part of the consideration, will be payable by the Purchaser to Mr. Ieong or his nominee in cash within five Business Days after the EGM approving the SP Agreement and the transactions contemplated thereunder

"Directors"	the directors of the Company
"EGM"	the extraordinary general meeting of the Company to be held and convened for the purpose of considering and, if thought fit, approving the SP Agreement and the transactions contemplated thereunder (including the allotment and issue of the Consideration Shares)
"GA Valuation"	GA Valuation Limited, the independent valuer of the Company
"Grace Power"	Grace Power Polymer Technology Limited, a company incorporated in Macau in April 2004 and whose registered capital is owned by Mr. Ieong
"Group"	the Company and its subsidiaries
"Guaranteed Profit"	net profit of HK$5,000,000 after taxation and extraordinary or exceptional items and minority interests of the Target Group for each of the two years ending 31 December 2014
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee comprising all the independent non-executive Directors, which has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the Acquisition
"Independent Shareholders"	Shareholders other than Mr. Ieong and his associates
"Independent Third Parties"	any person or company and its ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
"Issue Price"	the issue price of HK$0.52 per Consideration Share
"Latest Practicable Date"	7 December 2012 being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"Last Trading Day"	11 October 2012, being the last trading day for the Shares prior to the entering into of the SP Agreement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Macau"	the Macau Special Administrative Region of the PRC

"Macau Subsidiary"	Long Fortune Holding Company Limited (in Chinese "朗運控股有限公司") and in Portuguese "COMPANHIA DE GESTÃO DE PARTICIPAÇÕES SOCIAIS LONG FORTUNE LIMITADA"), a company incorporated in Macau whose registered capital is owned as to 99% by the Target Company and 1% by the BVI Subsidiary
"Mr. Ieong"	Mr. Ieong Un, an executive Director, chairman of the Board and the controlling Shareholder
"Net Profit"	the audited consolidated net profit of the Target Group after taxation and extraordinary or exceptional items and minority interests of the Target Group for each of the two years ending 31 December 2014
"PRC"	the People's Republic of China, which for the purpose of this circular, excluding Hong Kong, Macau and Taiwan
"PRC Company"	Guangzhou Shi Yawei Trading Company Limited (廣州市雅威貿易有限公司#), a limited company established in the PRC and will be a wholly owned subsidiary of the Macau Subsidiary upon completion of the Reorganisation
"Profit Guarantee"	the profit guarantee given by Mr. Ieong in relation to the Acquisition
"Purchase Orders"	10 non-legally binding purchase orders which have been entered into between the BVI Subsidiary and the customers solicited by the PRC Company in respect of the supply of electronic adhesive that is used in the production of electronic products
"Purchaser"	Keen Castle Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly owned subsidiary of the Company
"Reorganisation"	(i) completion of the acquisition of the PRC Company by the Macau Subsidiary; (ii) the PRC Company procures new customers to enter into the Purchase Orders with the BVI Subsidiary; and (iii) the Macau Subsidiary established a new subsidiary in Macau
"Sale Loan"	all obligations, liabilities and debts owing or incurred by the Target Company to Mr. Ieong on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion, as at 31 August 2012, the Target Company was indebted to Mr. Ieong in the amount of HK$1,985,000

"Sale Share"	1 issued share in the Target Company legally and beneficially owned by Mr. Ieong to the Purchaser, representing 100% of the entire issued share capital of the Target Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary issued share(s) of HK$0.01 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Shortfall"	the difference between the Net Profit and the Guaranteed Profit, if the former is less than the Guaranteed Profit
"SP Agreement"	the conditional sale and purchase agreement dated 11 October 2012 and entered into between the Purchaser and Mr. Ieong in relation to the sale and purchase of the Sale Share and the Sale Loan
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Rank Best Investments Limited, a company incorporated in British Virgin Islands whose entire issued share capital is wholly and beneficially owned by Mr. Ieong
"Target Group"	the Target Company together with its subsidiaries on the completion of the Reorganisation
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"MOP"	Macau Pataca, the lawful currency of Macau
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent.

In this circular, unless otherwise specified, the amounts in MOP are converted to HK$ at the conversion rates of HK$1.00 to MOP1.0309, for illustration purpose only. No representation was made that any amounts in MOP could have been or could be converted into HK$ at such rate or any other rates.

\# *The English transliteration of the Chinese names in this circular, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.*

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

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 640)

Executive Directors:
Mr. Ieong Un *(Chairman)*
Mr. Ip Chin Wing
Mr. Ip Ka Lun
Mr. Stephen Graham Prince
Mr. Tong Yiu On

Independent non-executive Directors:
Mr. Chan Wing Yau George
Mr. Ho Gilbert Chi Hang
Mr. Poon Yick Pang Philip

Registered office:
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Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
19/F, Prosperity Tower
39 Queen's Road Central
Central
Hong Kong

10 December 2012

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

On 11 October 2012, the Board announced that the Purchaser entered into the SP Agreement dated 11 October 2012 with Mr. Ieong, pursuant to which the Purchaser has conditionally agreed to acquire, and Mr. Ieong has conditionally agreed to sell the Sale Share and the Sale Loan for the Consideration of HK$45,000,000.

The purpose of this circular is to provide you with, among other things, (i) details of the Acquisition; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders on the Acquisition; (iii) the recommendation from Ample Capital to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM.

THE SP AGREEMENT

Date: 11 October 2012

Parties: (1) Vendor : Mr. Ieong; and

(2) Purchaser : Keen Castle Limited, an indirectly wholly owned subsidiary of the Company

Mr. Ieong is the chairman of the Board, an executive Director and a substantial Shareholder holding (both in person and through his wholly-owned corporation) 343,396,000 Shares in aggregate, representing approximately 68.68% of the issued share capital of the Company as at the Latest Practicable Date.

Accordingly, Mr. Ieong is a connected person of the Company under Chapter 14A of the Listing Rules. The entering into of the SP Agreement constitutes a connected transaction on the part of the Company. Since each of the percentage ratios (other than the profits ratio) is less than 25% and the Consideration exceeds HK$10,000,000, the transactions contemplated under the SP Agreement are subject to the reporting, announcement requirements and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Assets to be acquired

(1) the Sale Share, being 1 share in the Target Company, representing 100% of the entire issued share capital of the Target Company; and

(2) the Sale Loan, being all the obligations, liabilities and debts owing or incurred by the Target Group to Mr. Ieong (whether actual, contingent or deferred) at the Completion Date. As at 31 August 2012, the Target was indebted to the Company in the amount of HK$1,985,000.

The Sale Loan represents the current account due to Mr. Ieong as recorded in the financial statements of the Target Group as at 31 August 2012. Such balance was mainly arising from the shareholder's loan advanced by Mr. Ieong for the daily operation in the PRC Company in May 2012.

Consideration

The consideration for the sale and purchase of the Sale Share and the Sale Loan is HK$45,000,000. The Consideration shall be satisfied by the Purchaser in the following manner:

(a) as to HK$9,000,000 being the Deposit and part of the consideration, will be payable by the Purchaser to Mr. Ieong or his nominee in cash within five Business Days after the EGM approving the SP Agreement and the transactions contemplated thereunder; and

(b) as to HK$36,000,000 shall be satisfied by the Purchaser procuring the Company to allot and issue the Consideration Shares to Mr. Ieong or its nominee credited as fully paid at the Issue Price upon Completion.

The Consideration was determined on normal commercial terms and arrived at after arm's length negotiations between the parties to the SP Agreement and by reference to (i) the Profit Guarantee; (ii) the preliminary valuation on the Target Company based on market value of the Target Company was HK$47.5 million as at 30 September 2012 (details of the relevant valuation report is set out in Appendix I to this circular); (iii) prospects of trading of electronic adhesive products; and (iv) secured foothold and established relationship with the customers of the Target Group.

The Company has also negotiated with Mr. Ieong to explore the possibility of deferring the payment of part of the Consideration until the Profit Guarantee is fulfilled. However, such proposal was declined by Mr. Ieong. Mr. Ieong only agreed to provide the Profit Guarantee but he did not agree to stakehold any part of the Consideration until the Profit Guarantee be met in two years time on the ground that after Completion the title of the assets have been transferred to the Group and the Group is entitled to consolidate the financial statement of the Target Group immediately thereafter.

The Directors consider that although the Company is required to pay HK$9 million up front, for the first two years after Completion, the Group will be able to receive at least HK$10,000,000 given that Mr. Ieong agrees to provide the Guaranteed Profit of HK$5,000,000 per year. If there is any Shortfall, the Company will receive 9 times of the Shortfall. Hence, the Consideration to be paid by the Company will be safeguarded.

The Board was further satisfied that Mr. Ieong, being the controlling Shareholder who directly and indirectly holds in aggregate 343,396,000 Shares with the market capitalization of approximately HK$175 million as at the Latest Practicable Date, will have sufficient financial resources to discharge his obligation to repay 9 times of the Shortfall should the Profit Guarantee cannot be met. Given that (i) the disagreement of Mr. Ieong to the escrow arrangement of the Consideration; and (ii) the sufficient financial resources of Mr. Ieong, the Board considers that in the absence of the escrow arrangement, the Company and its Shareholders' interests will not be jeopardised.

The Group will finance the cash portion of the Consideration by its internal resources. The Acquisition will have impact on short term liquidity cash flow to the Group as HK$9 million required to pay up front. However, in view of sufficient cash flow of the Group and availability of banking facilities, the Board considered that such short term liquidity cash flow does not have adverse impact to the Group.

The Profit Guarantee

Pursuant to the SP Agreement, Mr. Ieong has irrevocably guaranteed and warranted to the Company that the Net Profit shall not be less than the Guaranteed Profit. The financial information of the Target Group should be prepared in accordance with Hong Kong Financial Reporting Standards.

Based on (i) the unaudited management accounts of Grace Power, the profit (solely generated from the trading of adhesive products) after taxation of Grace Power for the year ended 31 December 2011 was approximately MOP4,300,000 (equivalent to HK$4,171,000); and (ii) the audited accounts of the PRC Company, the profit (solely generated from the trading of adhesive products) after taxation of the PRC Company for the year ended 31 December 2011 is approximately RMB667,000 (equivalent to HK$816,000), the aggregated profit after taxation of Grace Power and the PRC Company will be about HK$4,987,000. The Board considers that the Target Group, which will comprise the PRC and will take up all the referral sale orders from the existing customers of Grace Power, will be able to satisfy the Profit Guarantee of HK$5 million for the two years ending 31 December 2014. There were no extraordinary items and no non-recusing items in the unaudited management accounts of Grace Power and the audited accounts of the PRC Company for the year ended 31 December 2011.

For the purpose of calculating the Guaranteed Profit, only profits arising from trading of adhesive products will be included (i.e. turnover directly attributable from trading of adhesive products less cost of purchase and operating expenses directly attributable to the trading of adhesive products). The Guaranteed Profit will not include (i) any profits, other than profits arising from trading of adhesive products, if the Target Group is going to be engaged in other businesses in the future; and (ii) any non-recurring items arising from the trading of adhesive products.

Given that Mr. Ieong agrees to provide 2-year Profit Guarantee of HK$5,000,000 each and the Company is only required to pay HK$9 million in cash and the remaining Consideration of HK$36 million will be paid by the Company by way of issuing Consideration Shares at premium, the Board considers that the terms of the Acquisition including the Consideration of HK$45,000,000 is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Adjustment mechanism for the Consideration

In the event that the Net Profit is less than the Guaranteed Profit, Mr. Ieong shall pay to the Company, an amount equivalent to the product of 9, being the price earnings multiple for determining the Consideration and the Shortfall, as compensation. The price earnings multiple of 9 is arrived at after taking into account of the price earnings multiple of other listed companies in the PRC engaging in similar business (which ranging from approximately 12.94 to 31.41). GA Valuation obtained and adopted adjusted price earnings multiple of 10.75 using adjusted weighted average cost of capital of 17.52% and an implied growth rate of 7.52%. The fair value of the Target Group of HK$47,500,000 was arrived at by using the adjusted price earnings multiple of approximately 10.75 for the Target Group as adopted in the valuation report taking into consideration of a discount rate of 11.60% for lack of marketability as the Target Group are private companies. The Vendor and Purchaser further agreed a slightly downward adjustment from the effective price earnings multiple of 9.503 to 9 after the arm length negotiation.

As advised by GA Valuation, the valuer who prepared the valuation report as set out in Appendix I elaborates that no information on the private company which is solely engaged in trading of electronic adhesive products is available for comparison. As such, GA Valuation identified the listed companies in the PRC who are engaged in the manufacture and trade business of similar products as market comparables. Despite the fact that the Target Group and the listed companies are different in business risk and the Target Group is a private company as compared with listed companies, GA Valuation has handled the difference by applying a discount of 11.60 % for lack of marketability as a private company and using the adjusted weighted average cost of capital of 17.52% for difference in business risk in order to arrive at a more comparable results.

The Board takes the view that when GA Valuation arrived at the effective price earnings multiple of approximately 9.503, GA Valuation has already handled the factors of difference in business risk and lack of marketability of private company. The Board therefore believes that the comparability of the listed companies selected by GA Valuation after the relevant adjustment as made by GA Valuation is appropriate.

If the audited consolidated financial report of the Target Group (which are expected to be ready by the end of February of 2014 and 2015 respectively) for each of the year ending 2013 and 2014, showing shortfall to the Guaranteed Profit, Mr. Ieong shall pay the Purchaser in cash the amount equivalent to the Shortfall times 9 to the Company within 30 days from the day of issue of the relevant audited consolidated reports. If there records an audited consolidated net loss of the Target Group for each of the two years ending 31 December 2014, the Net Profit will be deemed to be zero for the purpose of calculating compensation payable by Mr. Ieong to the Group.

For the avoidance of doubt, (i) the total amount to be payable by Mr. Ieong shall not exceed HK$45,000,000 being the total consideration payable for the Acquisition; and (ii) if the Net Profit exceeds the Guaranteed Profit, no additional payment shall be made by the Group to Mr. Ieong.

The Company will publish an announcement in accordance with the Listing Rules if the Profit Guarantee is not met and will include such details in its next published annual report and accounts. Such announcement will contain details of (1) the Shortfall and the adjustment, if any, of the consideration for the transaction; and (2) whether Mr. Ieong has fulfilled his obligations under the guarantee. The independent non-executive Directors will provide an opinion in the Company's next published annual report and accounts as to whether Mr. Ieong has fulfilled its obligations under the Profit Guarantee.

Conditions precedent

Completion shall be conditional upon and subject to:

(1) the obtaining of all necessary consents and approvals on the part of Mr. Ieong in relation to the SP Agreement and the transactions contemplated thereunder;

(2) the obtaining of all necessary consents and approvals on the part of the Purchaser in relation to the SP Agreement and the transactions contemplated thereunder;

(3) the warranties given by Mr. Ieong in the SP Agreement remaining true and accurate in all respects;

(4) the Listing Committee of the Stock Exchange having granting the listing of, and the permission to deal in the Consideration Shares;

(5) the passing by the Independent Shareholders at the EGM the necessary resolution to approve the SP Agreement and the transactions contemplated thereunder, including without limitation, the allotment and issue of the Consideration Shares and the transactions contemplated thereunder, as required by the Listing Rules;

(6) the obtaining of a PRC legal opinion (in the form and the substance satisfactory to the Purchaser) in relation to the validity and legality of the establishment of the PRC Company and the transactions contemplated under the SP Agreement;

(7) completion of the Reorganisation;

(8) the obtaining of a valuation report (in form and substance satisfactory to the Purchaser) prepared by an independent valuer appointed by the Purchaser showing that fair value of the Target Group will not be less than the Consideration; and

(9) the Company being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of the Target Group.

None of the above conditions are capable of being waived. The Purchaser shall use its best endeavour to fulfill conditions (2), (4) and (5) above, Mr. Ieong shall use its best endeavour to fulfill conditions (1), (3), (6), (7) and (9) above. The Purchaser and Mr. Ieong shall jointly use their best endeavour to fulfill condition (8) above. If the conditions have not been satisfied on or before 180 days from the date of the SP Agreement (or such other date as Mr. Ieong and the Purchaser may mutually agree), the SP Agreement shall cease and determine, and thereafter neither party thereto shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

As at the Latest Practicable Date, save for conditions (8) and (9) above, none of the conditions precedent of the SP Agreement have been fulfilled.

In the event that the Deposit has been paid to Mr. Ieong and (i) Completion does not take place as a result of the sole default of the Purchaser, Mr. Ieong shall have the right to forfeit the Deposit paid; or (ii) Completion does not take place as a result of the sole default of Mr. Ieong, Mr. Ieong shall forthwith repay the Deposit and compensate the Purchaser a sum equivalent to the amounts of the Deposit paid; or (iii) Completion does not take place otherwise than as a result of the sole default of neither the Purchaser nor Mr. Ieong, Mr. Ieong shall forthwith and repay the Deposit to the Purchaser (without interest).

Completion

Completion shall take place at 5:00 p.m. on the date falling the third Business Day after the fulfilment of the conditions.

Consideration Shares

The Consideration Shares to be allotted and issued upon Completion represent approximately (i) 13.85% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) 12.16% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares. The Consideration Shares shall rank pari passu in all respects among themselves and with the then existing issued Shares as at the date of the allotment.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Issue Price of HK$0.52 per Consideration Share represents (i) a premium of approximately 4% over the closing price of HK$0.5 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a premium of approximately 3.79% over the average of the closing prices of HK$0.501 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the SP Agreement; (iii) a premium of approximately 2.77% over the average of the closing price of HK$0.506 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the date of the SP Agreement; (iv) a premium of approximately 1.96% over the average of the closing price of HK$0.51 per share as quoted on the Stock Exchange on the Latest Practicable Date; and (v) a premium of approximately 39.48% over the net asset value of the Company as shown in the latest audited consolidated financial statements of the Company for the year ended 30 September 2011.

The Consideration Shares are to be issued under a specific mandate to be approved by the Independent Shareholders at the EGM. There are no restrictions applying to the subsequent sale of the Consideration Shares.

Mr. Ieong's Undertaking

Pursuant to the SP Agreement, Mr. Ieong has irrevocably and unconditionally undertaken in favour of the Purchaser that commencing from the date of the Completion,

(i) he shall not, except through any member of the Target Group, directly or indirectly (whether as principal or agent, through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise) carry on, engage, invest or be interested or otherwise involved in any business that is similar to or in competition with or is likely to be in competition with any business relating to trading of electronic adhesive products carried on by any member of the Target Group from time to time ("**Restricted Business**");

(ii) when he and/or any of his associates is offered or becomes aware of any new project or business opportunity directly or indirectly to engage or become interested in a Restricted Business, he (i) shall promptly notify the Purchaser in writing, refer such project or business opportunity to the Purchaser's consideration first and provide such information as may be reasonably required by Purchaser to make an informed assessment of such project or business opportunity; and (ii) shall not, and procure that his associates shall not, invest or participate in any such project or business opportunity unless such project or business opportunity shall have been rejected by the Purchaser and the principal terms of which the Purchaser invest or participate are no more favourable than those made available to Mr. Ieong; and

(iii) he will procure Grace Power to cease to be engaged in the trading of electronic adhesive products and shall refer all the sales order from the existing customers of Grace Power to the Target Group.

The above undertaking shall remain effective until and unless the Target Group ceases to be subsidiaries of the Company.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The changes of the shareholding structure of the Company immediately before and after Completion

	As at the date of this Circular		**Immediately after Completion**	
	Number of Shares	*Approximate percentage of shareholding %*	*Number of Shares*	*Approximate percentage of shareholding %*
Mr. Ieong *(notes 1 and 2)*	896,000	0.18	70,126,769	12.32
All Reach Investments Limited *(note 1)*	342,500,000	68.50	342,500,000	60.17
other public shareholders	156,604,000	31.32	156,604,000	27.51
Total	500,000,000	100.00	569,230,769	100.00

Notes:

(1) The entire issued share capital of All Reach Investments Limited is wholly and beneficially owned by Mr. Ieong. By virtue of the SFO, Mr. Ieong, is deemed to be interested in the entire 342,500,000 Shares held by All Reach. Chan Sut Kuan, being the spouse of Mr. Ieong, is also deemed to be interested in the 342,500,000 Shares under the SFO.

(2) According to the laws of Macau, the regime of matrimonial property of Mr. Ieong and Chan Sut Kuan, the wife of Mr. Ieong is community (共同財產制).

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in British Virgin Islands with limited liability on 1 August 2012 and whose entire issued share capital is wholly and beneficially owned by Mr. Ieong as at the Latest Practicable Date. The Target Company is principally engaged in the trading of electronic adhesives used in the production of electronic products.

The BVI Subsidiary is a company incorporated in the British Virgin Islands with limited liability on 21 May 2012. The authorised share capital of the BVI Subsidiary is US$50,000 divided into 50,000 shares of US$1 each, of which 1 share was issued and beneficially owned by the Target Company as at the Latest Practicable Date. The BVI Subsidiary is principally engaged in investment holding.

With the assistance of the PRC Company, the BVI Subsidiary manages to secure the Purchase Orders from new customers. Those new customers are different from the existing customers of the PRC Company. The Purchase Orders which were all entered into in September 2012, comprise the purchase orders placed by 6 new customers, who are Independent Third Parties, with the total purchaser value of approximately HK$13 million up to 30 June 2013. The payment terms of the Purchase Orders range from immediately upon receipt of the invoice to 90 days after the invoice date. No compensation or consequence of cancellation of the Purchase Orders.

Since the PRC Company mainly focuses in the PRC market, when the potential new overseas customers of the PRC Company, who are all Independent Third Parties, intend to place the purchase orders to it, the sales team of the PRC Company, refers, assists (i.e. communicate with new customers and arrangement for relevant documentations for placing the purchase orders) and arranges for potential new overseas customers to place the Purchase Orders directly to the BVI subsidiary.

The reason for the Purchase Orders be placed the BVI subsidiary is that the new operating subsidiary in Macau has not yet been set up. The Purchase Orders be placed to the BVI subsidiary first and will subsequently be traded under the operation of new subsidiary in Macau upon its inception. As at the Latest Practicable Date, the new subsidiary in Macau was still under incorporation.

The Macau Subsidiary is a company incorporated in Macau with limited liability on 5 October 2012. The registered capital of the Macau Subsidiary is MOP100,000 and of which 99% of the entire registered capital is owned by the Target Company and 1% of the entire registered capital is owned by the BVI Subsidiary. The Macau Subsidiary is principally engaged in investment holding and the trading of electronic adhesives used in the production of electronic products.

As part of the Reorganisation, the Macau Subsidiary entered into a SP Agreement dated 9 October 2012 with Grace Power in respect of the acquisition of the entire equity interests in the PRC Company by the Macau Subsidiary for a consideration of HK$2,448,000. Such acquisition shall be completed prior to the completion of the Reorganisation which is one of the conditions precedent to Completion.

The PRC Company is a company established in the PRC with limited liability on 25 August 2004 and whose then entire equity interest is wholly owned as to 90% and 10% by two Independent Third Parties. As at the Latest Practicable Date, the entire equity interest of the PRC Company was wholly owned by Grace Power, a company established in Macau and wholly and beneficially owned by Mr. Ieong. The PRC Company was acquired by Grace Power in May 2012 from the two Independent Third Parties for a consideration of RMB1,830,000. The consideration of acquisition of the PRC Company by Grace Power was determined based on the valuation, as at 31 December 2011, the net asset value of the PRC Company of approximately RMB2,250,000 as performed by an independent valuer, namely Guangzhou Zhengye Asset Appraisal Company Limited (廣州正業資產評估有限公司#). The PRC Company is principally engaged in the trading of electronic adhesives used in the production of electronic products.

As at the Latest Practicable Date, the PRC Company had approximately 300 customers and 15 staff members. All the top 25 customers of the PRC Company were located in PRC and they contributed more than 89% of the turnover of the PRC Company. Among the top 25 customers, 18 of which are manufacturing companies and remaining 7 customers are trading companies. 5 out of those 18 manufacturing companies are principally engaged in the manufacturing of communication components (including smartphones) and generate approximately 43% of the turnover of the top 25 customers of the PRC Company for the year ended 31 December 2011.

Pursuant to the Reorganisation, the Macau Subsidiary will also establish a new company in Macau to take up all the referral sale orders from the existing customers of Grace Power. The Purchase Orders will also be traded under the operation of new subsidiary in Macau upon its inception. The new subsidiary in Macau will be engaged in trading of electronic adhesive products in export market and will take up the sales referred by Grace Power.

The Board expects there will be potential new purchase orders from the existing customers of Grace Power because:

(i) Mr. Ieong has irrevocably undertaken to the Purchaser to close the electronic adhesive products trading business of Grace Power and to refer all its customers' new purchase orders to the Target Group after Completion;

(ii) the demand of electronic adhesive products are still strong in light of the up-hill trend in smartphone market and so is electronic adhesive market; and

(iii) Mr. Ieong who provides the Profit Guaranteed of not less than HK$5 million in the SP Agreement will inevitably use his best endeavours to drive the sales of the Target Group in order to meet the Guaranteed Profit.

Under the proposed group structure of the Target Group, each of the Target Company, the BVI Subsidiary and the Macau Subsidiary will be principally engaged in investment holding. The PRC Company is the only group company that is engaged in the trading business for the PRC customers. In order to take up the referral sales orders from the potential customers other than those PRC customers, a new company in Macau (where majority of the Group's operation located at) will be established by the Macau Subsidiary as the operation arm of the Target Group other than the PRC Company. Further reasons for the establishment of a new company in Macau to take up the referral sales orders instead of acquiring Grace Power are:

(i) Grace Power's financial statements have not been audited since its incorporation in 2004 as there is no such statutory requirement under laws in Macau. Therefore, the Board considers that certain auditing issue may arise if the Group acquired Grace Power such as opening balances which required to perform audit commencing from the date of incorporation to 31 December 2011, in doing so, the inventories required to roll back to ascertain the inventories level at each year ended, if not qualification may arise. After consideration of such fact and taken into account the timing and effort for doing so, the Board considers to set up a new Macau company to take up the sales orders in Grace Power upon Completion;

(ii) the set up cost of a Macau company is relatively low and simple as compared with a PRC Company, therefore, the Group considered set up a new Macau company will be benefited to the Acquisition as a whole.

In contrast, the Group acquired the PRC Company instead of setting up a new PRC company was mainly based on the fact that (i) the PRC Company has extensive business relationship with suppliers; (ii) the PRC Company's financial statements were audited and clean reports have been issued by the PRC auditors; and (iii) the set up procedures, cost and time for setting up a new PRC Company is relatively complicated, higher cost and lengthy (i.e. capital injection, prepare capital verification report etc.).

The Target Group is engaged in electronic adhesives trading business. The sales personnel of the Target Group periodically visit the customers and/or potential customers to understand what kind of electronic products they produce and their need and requirement on the electronic adhesive products. The sales personnel will provide consultation on the specification of and recommendation on the electronic adhesive products. After customers or potential customers have agreed with the recommended specification, the sales personnel will source the relevant samples from suppliers and provide the same to customers and/or potential customers for testing. During testing, the sales personnel will assist the customers to resolve any technical problems by referring the same to the suppliers. Only after the customers and/or potential customers are satisfied with the recommended electronic adhesive products, the customers or potential customers will then place purchase order to the Target Group. The Target Group will in turn place order to the suppliers. Upon receipt of the products from the suppliers, the Target Group will arrange for delivery of the products to the customers in accordance with the terms of the purchase orders.

For the existing long term customers, the Target Group usually work out quarterly sales forecast with them. Only for certain long terms customers who have steady demand for the electronic adhesive products, the Target Group may purchase relevant products from the suppliers as stock to enable a timely delivery to that particular customers. In normal circumstances, the Target Group usually order the products after the verbal confirmation with the customers even if the written purchase orders from the customers has been placed to the Target Group.

As at the Latest Practicable Date, the PRC Company has 15 employees of which the sales team has 11 staff members. The experience of the sales team of the PRC Company is ranging from 1 year to 13 years. Each of the sale personnel has entered into employment contract with no fixed binding tenure of employment. Each party to the employment contract is entitled to give 30 days prior written notice to terminate the employment. Nonetheless, the Board considers that the current employment policy of the PRC Company is effective to maintain long and stable relationship with its staff members. The Board is of the view that the PRC Company has developed a long and stable relationship as evidenced by its sales team which has the average length of service of approximately 3.5 years and two of sales personnel have joint the PRC Company since 2004, being the year in which the PRC was incorporated. Upon Completion, the sales team will become the employees of a listed company in Hong Kong and the Company will have more incentive provided to them such as having the opportunity to participate in the share option scheme of the Company. As an existing and continuing employment policy, the Company also offers the employee enhancement scheme to those outstanding sales personnel who may be granted full sponsorship to pursue for continuing education, such as master of business administration. Altogether, the Board considers that the well-established relationship of the sales team with the PRC Company, and the employee incentives will remain effective to retain the sales team to continue to work in the PRC Company. To enhance the sales force of the Target Group, the Board intends to recruit those sales and marketing personnel from Grace Power to sustain the development of the electronic adhesive business after Completion. The key human resources policy of the PRC Company includes (a) to prefer to engage experienced personnel; (b) to establish staff bonus plan for outstanding salesperson; and (c) to comply with the relevant requirements of the labor laws (in relation to the employees, insurance policies, holidays and benefits).

To the best knowledge, information and belief of the Directors and as advised by Mr. Ieong, Grace Power is a company established in Macau in 2004 and is principally engaged in the business of the trading of electronic adhesive products and deals with all overseas delivery, except to the PRC.

Grace Power had approximately 60 customers for the year ended 31 December 2011. Top 25 customers contributed approximately 98% of the turnover of Grace Power. Among the top 25 customers, 17 are manufacturing companies and the remaining 8 customers are trading companies.

Set out below is a summary of the key financial data of the Target Group (excluding the Macau Subsidiary and the PRC Company) based on the unaudited management accounts of the Target Group for the period from 21 May 2012 (being the date of incorporation of the BVI Subsidiary) to 31 August 2012 as provided by Mr. Ieong which was prepared in accordance with the generally accepted accounting principles in Hong Kong:

	From 21 May 2012 to 31 August 2012 *HK$'000* (unaudited)
Turnover	—
Loss before taxation	(29)
Loss after taxation	(29)

The unaudited net liabilities of the Target Company as at 30 September 2012 was approximately HK$29,000.

The Macau Subsidiary was incorporated on 5 October 2012 and recorded net losses of approximately HK$23,000 on that date. The net liabilities of the Macau Subsidiary as at 5 October 2012 were approximately HK$23,000.

The PRC Company has its statutory financial statement prepared by its auditors Guangzhou Yin Yue Certified Public Accountants Ltd. (廣州銀粵會計師事務所有限公司#) in accordance with the accounting principles and regulations applicable to enterprises established in the PRC. The financial statements of the PRC Company for the years ended 31 December 2010 and 2011 were audited by the PRC auditors. Set out below is the audited financial information on the PRC Company for the two years ended 31 December 2010 and 31 December 2011 which was prepared in accordance with the generally accepted accounting principles of the PRC:

	For the year ended 31 December 2010 *RMB'000* (audited)	**For the year ended 31 December 2011** *RMB'000* (audited)	**For the period from 1 January 2012 to 31 October 2012** *RMB'000* (unaudited)
Turnover	18,201	20,418	14,198
Gross profit	4,841	4,589	3,153
Profit before taxation	674	964	802
Profit after taxation	572	667	601

The audited net asset value of the PRC Company as at 31 December 2011 was approximately RMB2,252,000. The unaudited net asset value of the PRC Company as at 31 August 2012 was approximately RMB2,001,000.

The gross profit margin of the PRC Company for the two years ended 31 December 2010 and 31 December 2011 were approximately 27% and 22% respectively.

The net profit before taxation of Grace Power for the year ended 31 December 2011 and the eight months ended 30 August 2012 were approximately MOP4,300,000 (equivalent to HK$4,171,000) and MOP3,471,000 (equivalent to HK$3,367,000) respectively.

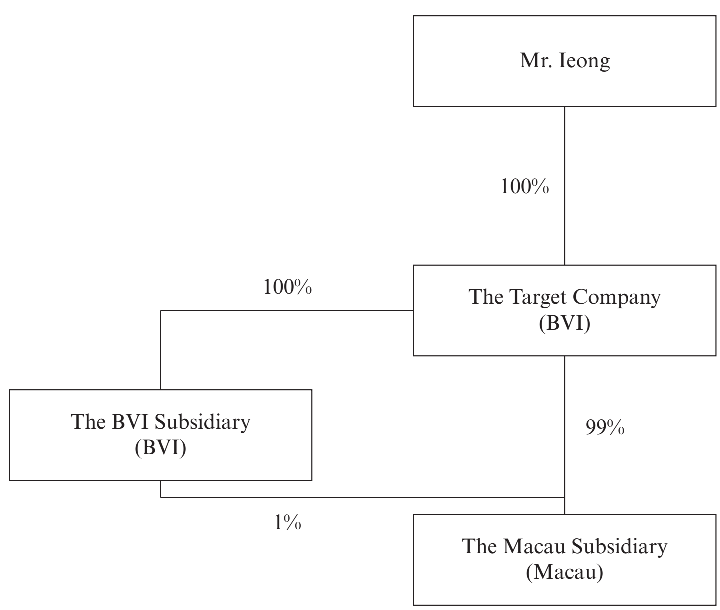
The Board considers that the competitive edge of the PRC Company in achieving such gross profit was mainly due to its business relationship with its suppliers, most of which were international suppliers whose will not willing to open up trading account with new company in lack of any trading history with them.

Upon Completion, members of the Target Group will become wholly-owned subsidiaries of the Company and their results will be consolidated into the Group's consolidated financial statements.

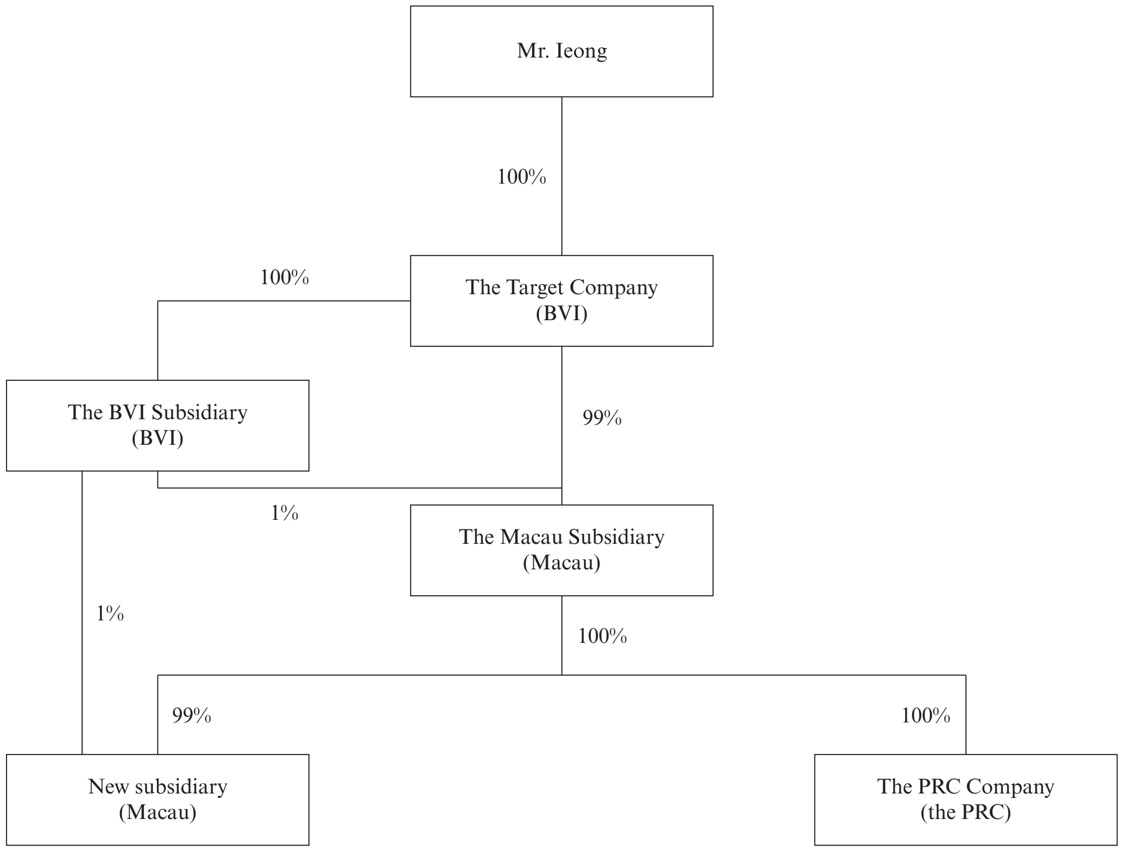
THE SHAREHOLDING STRUCTURE OF THE TARGET GROUP

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries and as advised by Mr. Ieong, the following diagrams show the shareholding structure of the Target Group immediately before and after the Completion.

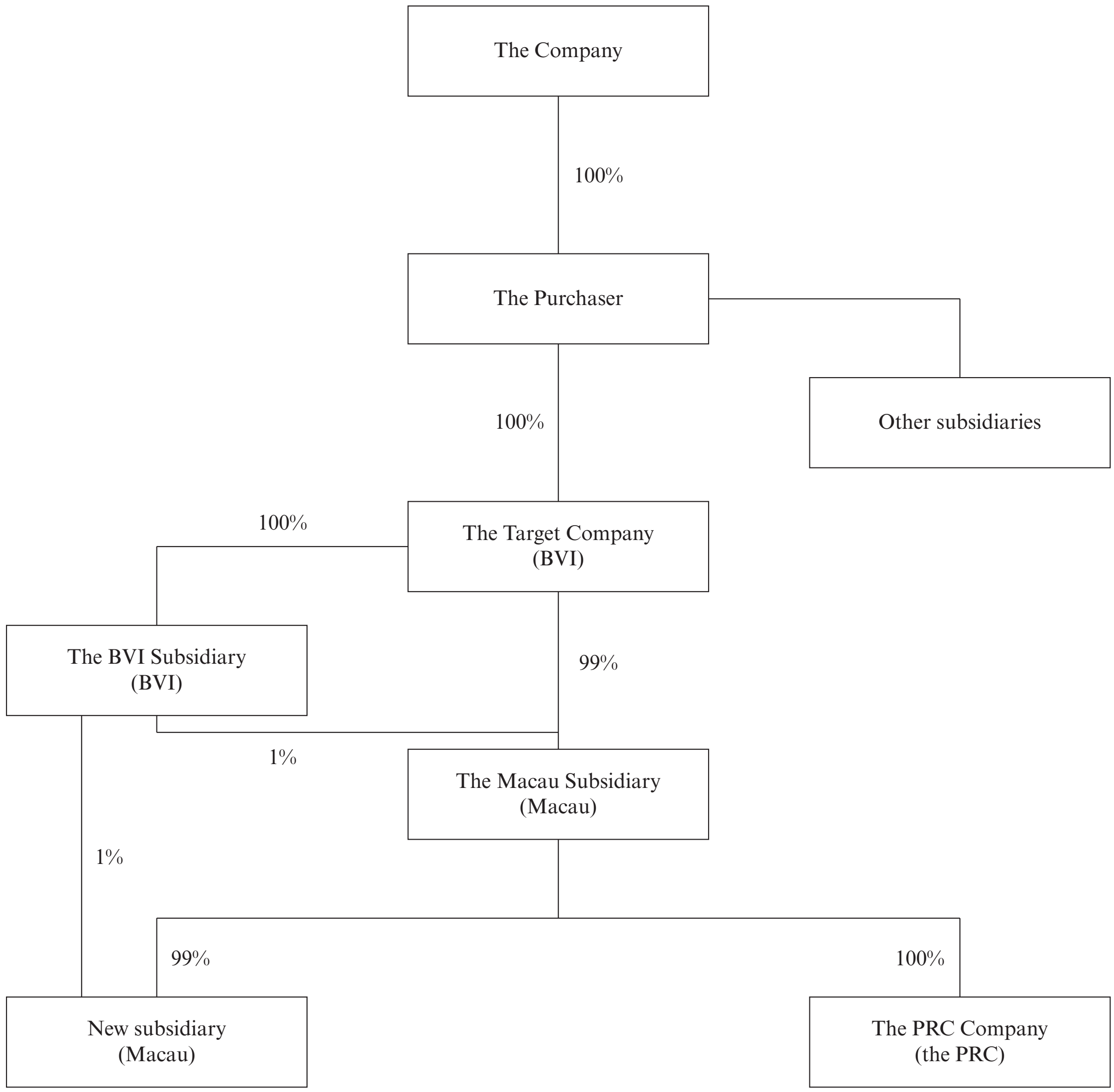
(i) As at the Latest Practicable Date:



(ii) Immediately after completion of the Reorganisation:



(iii) Immediately after Completion:



REASONS FOR THE ACQUISITION

The Company acts as an investment holding company of the Group which is principally engaged in the manufacture and sales of adhesives and related products for customers in footwear manufacturing in the PRC, Vietnam and Indonesia.

Mr. Ieong learnt about the investment opportunity at the time when two former shareholders, whose are Independent Third Parties, intended to dispose of their entire interests in the PRC Company in early this year. Mr. Ieong had business relationship with the two former shareholders in the field of the sales of electronic adhesive when Mr. Ieong operated Grace Power which operated in the same market as the PRC Company.

Prior to acquisition of the PRC Company by Grace Power in early this year, Mr. Ieong had referred such investment opportunity to the Company. However, at that material time, the Board (which comprised all the executive Director except Mr. Ieong) took the view that the operation scale of the PRC Company was quite small. At that material time, the Board considered that additional resources is required to be injected to develop new electronic adhesive products business that will outweigh the benefits arising from the operation of the PRC Company. Should the Group develop new electronic adhesive products itself, additional resources required to be allocated such as human resources, e.g. setting up of sales and purchase team, building up relationship with suppliers and customers etc. The Board considered that the profit generated from the PRC Company at that time was only less than HK$1,000,000 which is not worthwhile to put in the Group's resources to develop such business. The Company would rather prefer to focus in its core footwear adhesive products business than injecting resources to develop new electronic adhesive products business.

The Board further considers that even though the trading business of the Target Group is not capital intensive, it is impracticable to set up its own trading business instead of acquiring it from Mr. Ieong because:

(i) the PRC Company has obtained Danger Chemicals Operation Licence (危險化學品經營許可證#) which is not easily for a non-market player to obtain the same;

(ii) the PRC Company has already built up extensive business relationship with its suppliers whose are mainly international suppliers of electronic adhesive and they are not willing to open up trading account with new company without any trading history with them;

(iii) if the Group sets up a trading business instead, the Group will use extensive efforts and time to build up the trading of electronic adhesive operation particularly in daily operation and customers relationship. Such additional resources to be allocated in the new trading business may affect the existing Group's operation; and

(iv) the sales team of the Target Group has extensive experience in the electronic adhesive market which were the valuable assets to the Target Group while; trading of electronic adhesive market is a new market to the Group. The Group's existing management team and sales team do not have sufficient experience in market of electronic adhesive, the Group will have difficulty to solicit or maintain business relationship customers.

The Target Group has obtained all the necessary licenses and approvals for its business activities as follows:

1. Certificate of the Guangdong Foreign Trade and Economic Overseas Cooperation No. [2012] 30 (穗外經貿海資批[2012]30號#) approved and issued by issued the Guangzhou Foreign Trade & Economic Cooperation Bureau (廣州市對外貿易經濟合作局#);

2. Certificate of the Guangdong Supplier of Foreign Capital No. [2012]0018 (商外資穗海外資證字[2012]0018號#) approved and issued by the Guangzhou Municipal People's Government;

3. Business License (企業法人營業執照#) of Registration No. 440105000082841 (註冊號440105000082841) issued by the Guangzhou City Administration for Industry and Commerce (廣州市工商行政管理局#);

4. Certificate of the People's Republic of China Import and Export of Goods Declaration Registration (中華人民共和國海關進出口貨物收發貨人報關註冊登記證書#) and the Foreign Trade Operators Registration Form (對外貿易經營者備案登記表#); and

5. The People's Republic of China Danger Chemicals Operation License (中華人民共和國危險化學品經營許可證#) of Registration No. [2012]0047 (登記編號：粵穗海安經(乙)字[2012]0047號#)

Differentiated from the acquisition of the PRC Company solely, the underlying assets under Acquisition comprise not only the PRC Company, but also the Purchase Orders from new customers referred by the PRC Company and potential new purchase orders from the existing customers of Grace Power. As a consequent, the Board considers it is inapplicable to take into account the original acquisition costs by Mr. Ieong in determining the Consideration since the PRC Company was the only underlying asset in the original acquisition, whereas the underlying assets under the Acquisition comprise not only the PRC Company. The Directors (including the independent non-executive Directors whose views has been given in the letter from the Independent Board Committee as set out on page 26 of this circular after taking into account the advice from the independent financial adviser, and each of Mr. Ieong, Mr. Ip Ka Lun, Mr. Ip Chin Wing, Mr. Stephen Graham Prince who had abstained from voting at the Board meeting to approve the SP Agreement and the transactions contemplated thereunder) consider that the Acquisition will provide considerably large customers base for the Company to deploy to new business (i.e. trading of electronic adhesive products) without substantial further capital commitment for developing the new business. Further, the Board considers it inapplicable to take into account the original acquisition costs by Mr. Ieong in determining the Consideration because at the time of the determination of the Consideration, the former Shareholders of the PRC Company did not provide any profit guarantee so that Mr. Ieong has to bear the financial risk in facing unguaranteed business performance of the PRC Company.

The electronic adhesive products traded by the Target Group are mainly used for bonding all electronic components in the LED TVs, digital cameras, mobile phones (including the smartphones), computer notebooks, automobiles, freezers and air-conditioners and so forth. The global mobile handset industry maintained a strong demand in the past few years. The Directors are aware that the accumulative sales for 2011 reached approximately 1,564,930,000 units, representing an increase of approximately 14.5% compared with the same period of 2010. According to statistics released by the Ministry of Industry and Information Technology of the PRC, mobile handset market in the PRC also maintained a stable growth, with the number of users reaching over 1 billion for 2011. Prior to the entering into the SP Agreement, the Board has appointed a research company to perform a market research on electronic adhesive products. Driven by the strong demand from the electronic customer products, in particular, the smartphone industry, it is predicted that electronic adhesive industry will continue to grow. The predicted market size of the electronic adhesive industry in the PRC from 2012 to 2016 is approximately RMB50 billion to RMB100 billion. The Directors believe that the electronic adhesive products will have benefited from the development of the smartphone market and the popularisation of the smartphones.

The Directors consider that the Acquisition will enable the Group to diversify its sale and manufacture of footwear adhesive products to the trading of electronic adhesive used in the production of electronic products.

The Directors (including the independent non-executive Directors whose views has been given in the letter from the Independent Board Committee as set out on page 26 of this circular after taking into account the advice from the independent financial adviser, and each of Mr. Ieong, Mr. Ip Ka Lun, Mr. Ip Chin Wing, Mr. Stephen Graham Prince who had abstained from voting at the Board meeting to approve the SP Agreement and the transactions contemplated thereunder) consider that the Acquisition will provide a good opportunity for the Group to expand its business horizon to other type of adhesive products apart from adhesive products used for footwear industry. The Acquisition may have impact on short term liquidity cash flow to the Group as HK$9 million in cash required to pay up front. However, in view of the Group has sufficient cash flow and availability of banking facilities, the Board considered that such short term liquidity cash flow does not have adverse impact to the Group. The Directors regard that there are no disadvantages in relation to the Acquisition.

LISTING RULES IMPLICATIONS

The Acquisition constitutes a discloseable transaction on the part of the Company under the Listing Rules. As Mr. Ieong is a substantial Shareholder, chairman of the Board and an executive Director Mr. Ip Ka Lun, Mr. Ip Chin Wing and Mr. Stephen Graham Prince, all being the executive Directors are the director, manager and supervisor of the PRC Company, respectively, the Acquisition constitutes a connected transaction on the part of the Company and will be subject to the approval by the Independent Shareholders at the EGM. Mr. Ieong and his associate, who hold in aggregate 343,396,000 Shares, representing approximately 68.68% of the entire issued share capital of the Company as at the Latest Practicable Date, will abstain from voting on the relevant ordinary resolution at the EGM to approve the SP Agreement and the transactions contemplated thereunder.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprises Mr. Chan Wing Yau George, Mr. Ho Gilbert Chi Hang and Mr. Poon Yick Pang Philip all being the independent non-executive Directors. It has been established to advise the Independent Shareholders on the Acquisition.

Ample Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

EGM

The EGM will be held on at Falcon Room 1, Gloucester Luk Kwok Hotel, 72 Gloucester Road, Wanchai, Hong Kong on Friday, 28 December 2012 at 10:00 a.m. for the purpose of considering, and if thought fit, approving the SP Agreement and the transactions contemplated thereunder. A notice convening the EGM is set out on pages 72 and 73 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and return accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

The Acquisition is subject to, among others, the approval by the Independent Shareholders at the EGM to be taken by way of poll. Mr. Ieong and his associates, who hold in aggregate approximately 68.68% of the entire issued share capital of the Company as at the Latest Practicable Date, will abstain from voting for the relevant resolutions at the EGM to approve the SP Agreement and the transactions contemplated thereunder due to their interests in the Acquisition. As at the Latest Practicable Date, each of Mr. Ip Ka Lun, Mr. Ip Chin Wing and Mr. Stephen Graham Prince did not hold any Share.

RECOMMENDATIONS

The Directors consider the terms of the SP Agreement and the transactions contemplated thereunder are in the interest of the Company and the Shareholders as a whole and accordingly recommend the Shareholders and the Independent Shareholders respectively to vote in favour of the relevant resolutions to be proposed at the EGM for approving, among other things, the SP agreement and the transactions contemplated thereunder.

The Independent Board Committee, having taken into account the advice of Ample Capital, considers that the SP Agreement and the transaction contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and accordingly recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM for approving, among other things, the SP Agreement and the transaction contemplated thereunder.

GENERAL INFORMATION

Your attention is drawn to the letter of advice from Ample Capital set out on pages 27 to 51 of this circular which contains advice to the Independent Board Committee, the Independent Shareholders in connection with the SP Agreement and the transaction contemplated thereunder and the letter from the Independent Board Committee set out on page 26 of this circular which contains its recommendation to the Independent Shareholders in relation to among other things, the SP Agreement and the transactions contemplated thereunder.

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

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

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 640)

10 December 2012

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

We have been appointed as the Independent Board Committee to consider and advise you in connection with the SP Agreement and the transactions contemplated thereunder, details of which are set out in the circular dated 10 December 2012 issued by the Company to the Shareholders (the "**Circular**") of which this letter forms part. Terms defined in the Circular will have the same meanings when used herein unless the context otherwise requires.

We wish to draw your attention to the letter from the Board and the letter of advice from Ample Capital set out on pages 5 to 25 and pages 27 to 51 of the Circular respectively.

Having taken into account the principal factors and reasons considered by Ample Capital, its conclusion and advice, we concur with the view of Ample Capital and consider the terms of the SP Agreement and the transaction contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and the SP Agreement and the transactions contemplated thereunder is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend you to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the SP Agreement and the transactions contemplated thereunder.

Yours faithfully,
Independent Board Committee
Mr. Chan Wing Yau George　**Mr. Ho Gilbert Chi Hang**　**Mr. Poon Yick Pang Philip**
Independent non-executive Directors

The following is the full text of a letter of advice from Ample Capital to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

AmCap
Ample Capital Limited
豐盛融資有限公司

Ample Capital Limited
Unit A, 14th Floor
Two Chinachem Plaza
135 Des Voeux Road Central
Hong Kong

10 December 2012

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Acquisition, details of which are contained in the Letter from the Board ("the **Letter from the Board**") contained in the circular (the "**Circular**") of the Company to the Shareholders dated 10 December 2012, of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context otherwise requires.

On 11 October 2012 (after the trading hours of the Stock Exchange), the Purchaser entered into the SP Agreement with Mr. Ieong, pursuant to which the Purchaser has conditionally agreed to acquire and Mr. Ieong has conditionally agreed to sell, the Sale Share and the Sale Loan for the Consideration of HK$45,000,000.

The Acquisition constitutes a discloseable transaction on the part of the Company under the Listing Rules. As Mr. Ieong is a substantial Shareholder, chairman of the Board and an executive Director, Mr. Ieong is connected person of the Company. Mr. Ip Ka Lun, Mr. Ip Chin Wing and Mr. Stephen Graham Prince, all being the executive Directors are the director, manager and supervisor of the PRC Company, respectively. The Acquisition constitutes a connected transaction on the part of the Company and will be subject to the approval by the Independent Shareholders at the EGM. Mr. Ieong and his associates, who hold in aggregate approximately 68.68% of the entire issued share capital of the Company as at the Latest Practicable Date, will abstain from voting on the relevant ordinary resolution at the EGM to approve the SP Agreement and the transactions contemplated thereunder. As at the Latest Practicable Date, each of Mr. Ip Ka Lun, Mr. Ip Chin Wing and Mr. Stephen Graham Prince did not hold any Share.

The Independent Board Committee has been established to advise whether the terms of the SP Agreement are on normal commercial terms and are fair and reasonable and the Acquisition is in the interests of the Company and the Independent Shareholders as a whole. The Independent Board Committee comprising Mr. Chan Wing Yau George, Mr. Ho Gilbert Chi Hang and Mr. Poon Yick Pang Philip (all independent non-executive Directors), has been formed to advise the Independent Shareholders in this respect.

BASIS OF OUR ADVICE

In arriving at our recommendation, we have relied on the information and facts provided by the Company and have assumed that any representations made to us are true, accurate and complete. We have also relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and management of the Company (the "**Management**"). We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the Directors and Management for which they are solely responsible, are true and accurate at the time they were made and will continue to be accurate at the date of the despatch of the Circular.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and the Management, nor have we conducted an independent investigation into the business and affairs of the Group.

PRINCIPAL FACTORS TAKEN INTO ACCOUNT

The principal factors and reasons that we have taken into consideration in assessing the terms of the SP Agreement and arriving at our opinion are set out as follows:

1. Background and reason for the Acquisition

(i) Information on the Group

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.

We have summarised below for ease of reference financial information of the Group as extracted from annual report 2011 and interim report 2012 of the Group for the two financial years ended 30 September 2011, six months ended 31 March 2011 and six months ended 31 March 2012:

	Year ended		Six months ended	
	30.09.2010	**30.09.2011**	**31.03.2011**	**31.03.2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	296,040	373,554	159,759	188,236
Profit attributable to owners of the Company	16,065	23,854	4,147	6,001
	As at 30.09.2010	**As at 30.09.2011**	**As at 30.09.2011**	**As at 31.03.2012**
Total Assets	233,997	313,023	313,023	289,189
Total Liabilities	66,763	126,612	126,612	102,396
Cash & cash equivalents	23,829	22,708	22,708	17,938

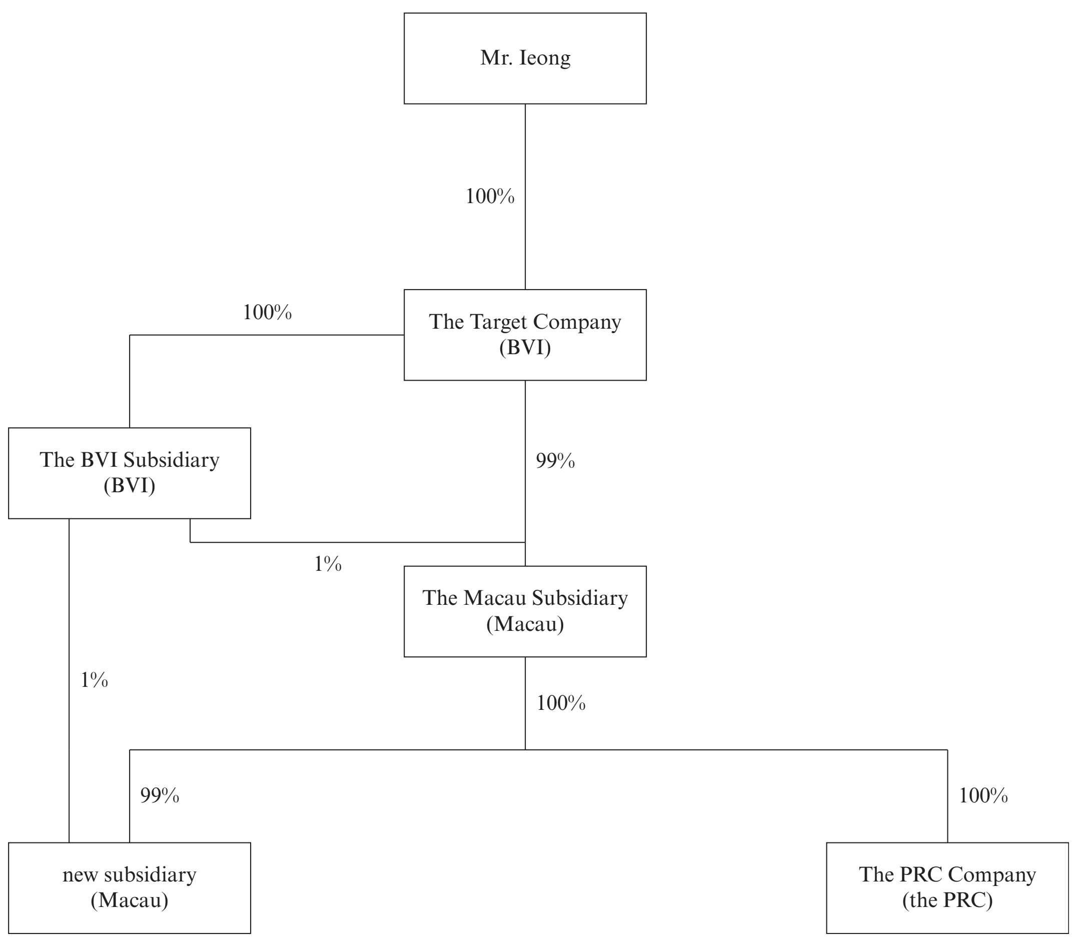
As per the Group's annual results for the year ended 30 September 2011, the total revenue of the Group for the year ended 30 September 2011 increased by approximately 26.2% to approximately HK$373.6 million from approximately HK$296.0 million as compared to that of 2010. Profit attributable to the owners of the Company amounted to approximately HK$23.8 million (including net increase in fair value of investment properties of approximately HK$8.4 million), representing an increase of approximately 48.5% as compared to the corresponding period in 2010.

The Group's turnover for the six months ended 31 March 2012 was approximately HK$188.2 million, representing an increase of 17.8% over the corresponding period in 2011. Profit attributable to the owners of the Company amounted to approximately HK$6.0 million, representing an increase of approximately 44.7% as compared to the corresponding period in 2011. The increase during the six months ended 31 March 2012 was primarily due to the sales growth in most of the regions and the increase in sales price of products.

(ii) Information on the Target Company

The Target Company is a company incorporated in British Virgin Islands with limited liability on 1 August 2012 and whose entire issued share capital is wholly and beneficially owned by Mr. Ieong as at the Latest Practicable Date. The Target Company is principally engaged in investment holdings and the Target Group is principally engaged in the trading of electronic adhesive used in the production of electronic products.

According to the Letter from the Board, Completion shall be conditional upon and subject to the completion of the Reorganisation. The following diagram shows the shareholding structure of the Target Group immediately after the Reorganisation.



Under the shareholding structure of the Target Group immediately after the Reorganisation, each of the Target Company, the BVI Subsidiary and the Macau Subsidiary will be principally engaged in investment holding. The PRC Company is the only group company that is engaged in the trading business for the PRC customers. In order to take up the referral sales orders from the potential customers other than those PRC customers, a new company in Macau (where majority of the Group's operation located at) will be established by the Macau Subsidiary as the operation arm of the Target Group other than the PRC Company. Further reasons for the establishment of a new company in Macau to take up the referral sales orders instead of acquiring Grace Power are: (i) Grace Power's financial statements have not been audited since its incorporation in 2004 as there is no such statutory requirement under laws in Macau. Therefore, the Board considers that certain auditing issue may arise if the Group acquired Grace Power such as opening balances which audit procedure is to be performed commencing from the date of incorporation to 31 December 2011, in doing so, the inventories required to roll back to ascertain the inventories level at each year ended, if not qualification may arise. After consideration of such fact and taken into account the time and effort for doing so, the Board considers to set up a new Macau company to take up the sales orders in Grace Power upon Completion; and (ii) the set up cost of a Macau company is relatively low and simple as compared with a PRC Company.

For the period from 21 May 2012 (being the date of incorporation of the BVI Subsidiary) to 31 August 2012 as provided by the Company which was prepared in accordance with the generally accepted accounting principles in Hong Kong. The unaudited turnover of the Target Group (excluding the Macau Subsidiary and the PRC Company) and the loss after taxation amounted to nil and HK$29,000 respectively. The unaudited net liabilities of the Target Company as at 31 August 2012 was approximately HK$29,000.

The Macau Subsidiary was incorporated on 5 October 2012 and recorded net losses of approximately HK$23,000 on that date. The net liabilities of the Macau Subsidiary as at 5 October 2012 was approximately HK$23,000. Pursuant to the Reorganisation, the Macau Subsidiary will also establish a new company in Macau to take up all the referral sale orders from the existing customers of Grace Power.

The non-legally binding Purchase Orders entered into between the BVI subsidiary , a company whose entire issued share capital is wholly and beneficially owned by the Target Company, and Independent Third Parties will also be traded under the operation of new subsidiary in Macau upon its inception. Such Purchase Orders were all entered into in September 2012, comprise the purchase orders placed by 6 new customers with the total purchase value of approximately HK$13 million up to 30 June 2013. The payment terms of the Purchase Orders range from immediately upon receipt of the invoice to 90 days after the invoice date. We have reviewed the terms of the Purchase Orders and are not aware of any terms which are exceptional to recent purchase orders entered between Grace Power and the existing customers. We noted that there is no compensation or consequence of cancellation of the Purchase Orders so the Shareholders should note that the cancellation of the Purchase Orders by the customers will adversely affect the Group's financial performance.

The PRC Company has its statutory financial statement prepared in accordance with the accounting principles and regulations applicable to enterprises established in the PRC. The financial statements of the PRC Company for the years ended 31 December 2010 and 2011 were audited by the PRC auditors. For the year ended 31 December 2011, the audited turnover of the PRC Company and the audited profit after taxation amounted to RMB20,418,000 and RMB667,000 respectively. The audited net asset value of the PRC Company as at 31 December 2011 was approximately RMB2,252,000. The unaudited net asset value of the PRC Company as at 31 August 2012 was approximately RMB2,001,000.

As at the Latest Practicable Date, the PRC Company had approximately 300 customers and 15 staff members. All the top 25 customers of the PRC Company are located in PRC and they contributed more than 89% of the turnover of the PRC Company. Among the top 25 customers, 18 of which are manufacturing companies and remaining 7 customers are trading companies. 5 out of those 18 manufacturing companies are principally engaged in the manufacturing of communication components (including smartphones) and generate approximately 43% of the turnover of the top 25 customers of the PRC Company for the year ended 31 December 2011. Since the PRC Company mainly focuses in the PRC market, when the potential new overseas customers of the PRC Company, who are all Independent Third Parties, intend to place the purchase orders to it, the sales team of the PRC Company, refers, assists (i.e. communicate with new customers and prepare relevant documentations relevant to the purchase orders) and arranges for potential new overseas customers to place the Purchase Orders directly to the BVI subsidiary. The reason for the Purchase Orders placed to the BVI subsidiary is that the new operating subsidiary in Macau has not yet been set up. The Purchase Orders will subsequently be traded under the operation of new subsidiary in Macau upon its inception.

2. Reasons for the Acquisition

According to the Letter from the Board, the Directors consider that the Acquisition will enable the Group to diversify its sale and manufacture of footwear adhesive products to the trading of electronic adhesive used in the production of electronic products.

As mentioned in the interim report 2012, it states that 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. According to the research report conducted by Beijing Zhong Jing Zong Heng Information Resource Center (北京中經縱橫資訊諮詢中心) issued in September 2012, that demand of the electronic adhesive products is expected to continue to grow and it will have benefited from the development of the smartphone market and the popularity of the smartphones. In addition, we noted from the Management that the expected return on the equity ("ROE") of the Target Group (the net profit of the Target Group/the Target's Group's shareholder equity x 100%) (comprising (i) the unaudited aggregated profit after taxation of Grace Power and the PRC Company for the year ended 31 December 2011 of approximately HK$4,987,000; (ii) the unaudited shareholder's equity of Grace Power and the PRC Company of approximately HK$8,259,750) as at 31 December 2011) will be larger than the ROE of the Group (the net profit of the Group/the Group's shareholder Equity x 100%) (comprising (i) the audited net profit of the Group for the year ended 30 September 2011 of approximately HK$23,854,000; (ii) the audited shareholder's equity of the Group of approximately HK$186,411,000 as at 30 September 2011). The Target Group would have a ROE of approximately 60.4% whereas the Group's ROE was approximately 12.8%. Having considered the ROE of the Target Group and the popularity of the smartphones, we concur that the Acquisition can improve its competence in response to changes and development in the future market, and maximize the returns for its shareholders and employees. Furthermore, as stated in the Annual Report 2011, it states that the Management may invest in new business projects in situations they consider in favour to the future of the Group. Having discussed with the Management, we also learnt that Group will expand its business horizon to other type of adhesive products apart from adhesive products used for footwear industry. Taking into account the Group's development plan, we consider the Acquisition is a commercially reasonable move of the Company and is in line with the development plan.

3. Principal terms of the Acquisition

As stated in the Letter from the Board, the principal terms of the SP Agreement are as follows:

Date:	11 October 2012
Parties:	(1) Mr. Ieong as Vendor; and (2) Keen Castle Limited, an indirectly wholly-owned subsidiary of the Company, as Purchaser.
Consideration and payment	The consideration for the sale and purchase of the Sale Share and the Sale Loan is HK$45,000,000. The Consideration shall be satisfied by the Purchaser in the following manner: (a) as to HK$9,000,000 being the Deposit and part of the consideration, will be payable by the Purchaser to Mr. Ieong or his nominee in cash within five Business Days after the EGM approving the SP Agreement and the transactions contemplated thereunder; and (b) as to HK$36,000,000 shall be satisfied by the Purchaser procuring the Company to allot and issue the Consideration Shares to Mr. Ieong or its nominee credited as fully paid at the Issue Price upon Completion.

Conditions precedent

(1) the obtaining of all necessary consents and approvals on the part of Mr. Ieong in relation to the SP Agreement and the transactions contemplated thereunder;

(2) the obtaining of all necessary consents and approvals on the part of the Purchaser in relation to the SP Agreement and the transactions contemplated thereunder;

(3) the warranties given by Mr. Ieong in the SP Agreement remaining true and accurate in all respects;

(4) the Listing Committee of the Stock Exchange having granting the listing of, and the permission to deal in the Consideration Shares;

(5) the passing by the Independent Shareholders at the EGM the necessary resolutions to approve the SP Agreement and the transactions contemplated thereunder, including without limitation, the allotment and issue of the Consideration Shares and the transactions contemplated thereunder, as required by the Listing Rules;

(6) the obtaining of a PRC legal opinion (in the form and the substance satisfactory to the Purchaser) in relation to the validity and legality of the establishment of the PRC Company and the transactions contemplated under the SP Agreement;

(7) completion of the Reorganisation;

(8) the obtaining of a valuation report (in form and substance satisfactory to the Purchaser) prepared by an independent valuer appointed by the Purchaser showing that fair value of the Target Group will not be less than the Consideration; and

(9) the Company being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operations and affairs of the Target Group.

Completion

Completion shall take place at 5:00 p.m. on the date falling the third Business Day after the fulfilment of the conditions.

4. Basis of determining the Consideration

Consideration

The Consideration was determined on normal commercial terms and arrived at after arm's length negotiations between the parties to the SP Agreement and by reference to (i) the Profit Guarantee; (ii) the preliminary valuation on the Target Company based on market approach prepared by an independent professional valuer, according to which the market value of the Target Company was HK$47.5 million as at 30 September 2012; (iii) prospects of trading of electronic adhesive products; and (iv) secured foothold and established relationship with the customers of the Target Group.

We have reviewed and discussed with the Management regarding the capital requirement for the trading business of the Target Group and noted that though it is not capital intensive, the Directors considered that setting up a trading business instead of acquiring it from Mr. Ieong is impracticable because: (i) the PRC Company has obtained Danger Chemicals Operation Licence (危險化學品經營許可證) which is not easily for a non-market player to obtain the same. As advised by the Company's PRC legal adviser, we noted that the Danger Chemicals Operation Licence is one of the necessary license to operate its business legally in the PRC and the PRC Company has obtained all the necessary licence and/or approval of its business activities as follows.

1. Certificate of the Guangdong Foreign Trade and Economic Overseas Cooperation No. [2012] 30 (穗外經貿海資批[2012]30號#) approved and issued by issued the Guangzhou Foreign Trade & Economic Cooperation Bureau (廣州市對外貿易經濟合作局#)

2. Certificate of the Guangdong Supplier of Foreign Capital No. [2012]0018 (商外資穗海外資證字[2012]0018號#) approved and issued by the Guangzhou Municipal People's Government

3. Business License (企業法人營業執照#) of Registration No. 440105000082841 (註冊號440105000082841) issued by the Guangzhou City Administration for Industry and Commerce (廣州市工商行政管理局#)

4. Certificate of the People's Republic of China Import and Export of Goods Declaration Registration (中華人民共和國海關進出口貨物收發貨人報關註冊登記證書#) and the Foreign Trade Operators Registration Form (對外貿易經營者備案登記表#)

5. PRC Danger Chemicals Operation License (中華人民共和國危險化學品經營許可證#) of Registration No. [2012]0047 (登記編號：粵穗海安經(乙)字[2012]0047號#)

Furthermore, we are confirmed by the Management that Grace Power has obtained all the necessary licence and/or approval of its business activities; (ii) the PRC Company has already built up extensive business relationship with its suppliers whose are mainly international suppliers of electronic adhesive and they are not willing to open up trading account with new company without any trading history with them; (iii) if the Group set up a trading business on its own instead of acquiring the Target Group, it will require extensive effort and time for the Group and divert the attention of the existing management team of the Group particularly in monitoring daily operation and building up and maintaining customers relationship of such new trading business. Such additional effort to be allocated in the new trading business may affect the existing Group's operation; and (iv) the sales team of the Target Group has extensive experience in the electronic adhesive market while electronic adhesive market is a new market to the Group. The Group's existing management team and sales team do not have sufficient experience in the marketing of electronic adhesive therefore, and the Group will have difficulty to solicit or maintain business relationship customers. We have reviewed the experience of the senior management and sales team of the Target Group. The Target Group's senior management team (consisting of 3 staff members apart from Mr. Ieong) has approximately 10 years of average relevant experience in the chemicals trading industry. The Target Group also has an experienced sales team (consisting of 8 staff members) with relevant experience in chemicals and electronics product trading industry of 1 to 11.5 years with average experience of more than 5 years. We are of the view that the experience of the existing senior management team (apart from Mr. Ieong) and sales team of the Target Group is extensive.

Furthermore, as mentioned in the Letter from the Board, the Acquisition shall be differentiated from the acquisition of the PRC Company solely. Apart from the business and assets of the PRC Company itself, the Acquisition will also include potential new purchase orders from the existing customers of Grace Power. Grace Power is a company established in Macau in 2004 and is principally engaged in the business of the trading of electronic adhesive products and dealing with all overseas delivery, except to the PRC. The net profit before taxation of Grace Power for the year ended 31 December 2011 and the eight months ended 30 August 2012 were approximately MOP4,300,000 (equivalent to HK$4,171,000) and MOP3,367,000 (equivalent to HK$3,266,000) respectively. Having considered the profit making track record of Grace Power in 2011 and 2012 and its established relationship with the customers, we are of the view that the terms of the Acquisition including Mr. Ieong's undertaking in respect of referring all its customers' new purchase orders from Grace Power to the Target Group after Completion is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Purchase Orders will have total purchase value of approximately HK$13 million up to 30 June 2013. Based on (i) the unaudited management accounts of Grace Power, the profit after taxation of Grace Power for the year ended 31 December 2011 were approximately MOP4,300,000 (equivalent to HK$4,171,000); and (ii) the profit after taxation of the PRC Company for the year ended 31 December 2011 is approximately RMB667,000 (equivalent to HK$816,000), the aggregated profit after taxation of Grace Power and the PRC Company will be about HK$4,987,000 and no non-recurring items were recorded. The Directors consider that the Target Group, which will comprise the PRC Company and will take up all the referral sale orders from the existing customers of Grace Power, hence, will be able to satisfy the Profit

Guarantee of HK$5 million for the two years ending 31 December 2014. Taking into consideration of the above mentioned principal factors and reasons, although (i) the PRC Company was acquired by Grace Power in May 2012 from the two Independent Third Parties for a consideration of RMB1,830,000, (ii) the Target Group has a limited track record; and (iii) trading business is not a capital intensive in nature, we consider that the terms of the Acquisition were entered into upon normal commercial terms and in the ordinary and usual course of business of the Group.

Pursuant to the SP Agreement, Mr. Ieong has irrevocably guaranteed and warranted to the Company that the Net Profit shall not be less than the Guaranteed Profit. The financial information of the Target Group should be prepared in accordance with Hong Kong Financial Reporting Standards. In the event that the Net Profit is less than the Guaranteed Profit, Mr. Ieong shall pay to the Company, an amount equivalent to the product of 9, being the price earnings multiple for determining the Consideration and such shortfall, as compensation (the "**Shortfall**"). As advised by the Management, the price earnings ratio of 9 is arrived at after taking into account of the price-earnings ratios of other listed companies in the PRC engaging in similar business (which ranging from approximately 12.94 to 31.41, it was reported by Bloomberg and defined as the last price divided by trailing 12-month earnings per share (the "**EPS**") before extraordinary items or basic EPS before extraordinary items if only annual earnings exit. According to GA, only basic EPS before extraordinary items is available for the comparable companies except Hubei Huitian Adhesive Enterprise Co Ltd which has trailing 12-month data available) and the adjusted price earnings multiple of approximately 10.75 for the Target Group as adopted in the valuation report taking into consideration of a discount rate of 11.60% for lack of marketability as the Target Group are private companies. The Vendor and Purchaser further agreed a slightly downward adjustment from the effective price earnings multiple of 9.503 to 9 after the arm's length negotiation. If the audited consolidated report of the Target Group for each of the year ending 2013 and 2014, showing Shortfall, Mr. Ieong shall pay the Purchaser in cash the amount equivalent to the actual Shortfall times 9 to the Company within 30 days from the day of issue of the relevant audited consolidated reports. If there records an audited consolidated net loss of the Target Group for each of the two years ending 31 December 2014, the Net Profit will be deemed to be zero for the purpose of calculating compensation payable by Mr. Ieong to the Group. Having reviewed the adjusted price-earnings ratios of other listed companies in the PRC engaging in similar business which is higher than 9 and the historical financial information of Grace Power and the PRC Company, we are of the view the determination of the Profit Guarantee and using a price earnings ratio of 9 is fair and reasonable.

We noted that the Consideration was determined after arm's length negotiations between the parties to the SP Agreement with reference to the valuation conducted by GA Valuation Limited ("**GA**"). In assessing the fairness and reasonableness of the Consideration, we have reviewed the valuation report (the "**Valuation Report**") prepared by GA in relation to the valuation (the "**Valuation**") of the Target Company as at 30 September 2012 and have discussed with GA on the methodology adopted and assumptions used in arriving at the Valuation.

Keys Assumptions	Basis of the assumptions
WACC	13.01% is the average WACC of the comparable companies as at 30 September 2012. As confirmed by GA and according to Bloomberg, there are 4 comparable companies listed in China stock exchange in the chemicals sector (the most relevant sector as long as the Target Group is concerned) engaged in adhesive trade and manufacture. It is considered to be a fair and reasonable sample size given that it is a specialized industry with a very limited number of listed comparable companies. Therefore, we believe that the selection of the comparable companies are fair and reasonable and representative.
Size premium	2.01% The size premium reflects the difference in size (market capitalization) of the Target Group relative to the comparable companies. (Source: SBBI Valuation Yearbook 2012). The size premium was determined with reference to an authoritative source of reference commonly used by valuers, and therefore, we considered it is fairly and reasonably determined with proper grounds.
Start-up risk premium	2.5% Risk for new business status. Normally, specific risk of 2 to 3% will be adopted for start up companies as additional risk premium. As the Target Group is in the startup stage of the business operation and in an industry with average risk, therefore a 2.5% additional risk premium is included. As advised by GA, the premium adopted has addressed the difference between the comparable companies and the Target Group and such risk premium is determined by GA's internal assessment. We have discussed with GA regarding their internal assessment process, which they have referred to (i) specific risk premiums adopted by recent transactions performed by other valuers; (ii) their experience on specific risk premiums adopted in valuation engagements for other clients; and (iii) average default rate for all non-financial companies reported by Standard and Poor's. We have verified the transactions mentioned in (i) and the reported rate in (iii) and reviewed GA's qualification and experience in relation to the performance of the Valuation, we considered it is fair and reasonable in addressing the difference in business sectors between the comparable companies and the Target Group as well as the business risk that the Target Group is subject to.

Risk Adjusted WACC	17.52% Calculated from the above figures
Implied growth rate	7.52% Calculated from the average WACC and the average price earnings multiple of the comparable companies as at 30 September 2012.
Adjusted price earnings multiple	10.75X Calculated from the Risk Adjusted WACC and the implied growth rate (the "IGR"). As advised by GA, details of the calculation are as follow: Gordon growth model: P = E x (1 + IGR)/(WACC – IGR)Rearranging and obtained Equation (1): P/E = (1 + IGR)/(WACC – IGR), and Equation (2): IGR = (P/E x WACC – 1)/(1 + P/E) Given P/E = 19.60, WACC = 13.01%, therefore, IGR = 0.0752 or 7.52% Risk adjusted WACC = 13.01% + 2.5% + 2.01% = 17.52%, substituting into equation (1) to obtain the risk adjusted price earnings multiple of 10.75 adopted by GA. The Gordon growth model is a fundamental explanation to the share price of a listed issuer in relation to its cost of capital and growth. The model has three parameters and is used to obtain an unknown parameter given two known parameters, and commonly used by valuers in estimating unknown parameter.

Lack of marketability	11.60% As the Target Group is not a listed company, therefore, a discount was applied to the valuation of equity interest in the Target Group for the lack of marketability or liquidity of an ownership interest of the Target Group's shares. The level of discount was determined with reference to the expected net margin level of the Target Group and a research by Bruce Johnson in 1999. With reference to the Target Group's expected net income margin of above 10%, the discount adopted was appropriately referenced to the research findings. It is considered appropriate according to the business nature of the Target Group and as compared to the range (10% to 30%) of discounts adopted by other valuers on the basis of various methodologies, including the Johnson studies, in determining an appropriate discounts.

According to the Valuation Report, the market value of the Target Company as at 30 September 2012 was approximately HK$47.5 million. We understand that GA has adopted the market approach and have searched suitable market comparables (the "**Valuation Comparables**") on a best effort basis and the details of the Valuation Comparables adopted in the Valuation Report are summarized below.

Company Name	**Principal Business**
Beijing Comens New Materials Co Ltd (300200 CH)	The company develops, produces and sells reactive composite PU adhesives. The company's main products are composite PU adhesives.
Guangdong Delian Group Co Ltd (002666 CH)	The company manufactures and sells automotive fine chemicals. The company's main products include anti-freezing fluid, power steering fluid, automatic transmission fluid, engine oil, fuel additives, adhesives, and other related products.
Hubei Huitian Adhesive Enterprise Co Ltd (300041 CH)	The company researches, produces and sells adhesives and chemicals. The company's products include organic silica gel, acrylic adhesive, anaerobic adhesive, epoxy glue, and polyurethane glue.
Shanghai Kangda New Materials Co Ltd (002669 CH)	The company develops, manufactures, sells structural adhesives, and provides related services. The company's main products include epoxy structure adhesives, acrylate adhesives, polyurethane adhesives, and SBS adhesives.

We have reviewed the Valuation Report and discussed with the Directors, the Management and GA regarding Valuation Report, including, in particular, the valuation approach, and bases and assumptions, and is of the opinion that the bases and assumptions set out therein have been prepared by the Directors with due care and consideration and objectively, and on a reasonable basis.

For our due diligence purpose, we have reviewed and enquired into GA's qualification and experience in relation to the performance of the Valuation. From the information provided by GA, we noted that the principal of GA, Mr. Teddy Iu, in charge of the Valuation is a fellow chartered management accountant, a chartered global management accountant, a fellow certified public accountant and a member of the National Association of Certified Valuators and Analysts. He possesses over 15 years business valuation experience and has recent experience in valuing business engaged in the chemicals industry. On the basis of the review work conducted which include reasonableness checks to assess the relevant experience and expertise of GA, review and discussion with GA of the qualifications, experience, expertise and relevant track records of GA, we are satisfied that the principal of GA has the qualifications and experience to compile the Valuation.

To assess the fairness and reasonableness of the selection on Valuation Comparables, we have, to the best of our knowledge, reviewed and compared the Valuation Comparable's business nature. Among the Valuation Comparables, we learnt that they are the closest proxies to the Target Group with similar industry focus, market focus in the PRC and similar product focus. The Valuation Comparables are different with the Target Group in respect of company size, their position in the supply chain, and stage of business development. GA has considered these factors and adjustments were made to the discount rate adopted, therefore, we are of the view that the comparability of Valuation Comparables is reasonable and fair. We also noted that their selection was assisted by the Bloomberg equity screening service. We learnt that GA has first searched suitable market comparables using Bloomberg equity screening service from the Chemicals sector as defined by the Global Industry Classification Standard for actively traded primary securities of companies engaged in the trade of adhesives with PRC domicile, market focus in the PRC and similar product focus, however it did not identify any company meeting the criteria. GA then expanded to search those engaged in the manufacture and trade of adhesives. We note that the revenue of the Target Group is mainly generated from the trading of electronic adhesive products and the Valuation Comparables have other operations such as development and manufacturing of electronic adhesive products. We wish to highlight to the Independent Shareholders that none of the Valuation Comparables exactly operates as the Target Group does and that the price earnings ratio of each of the Valuation Comparables may be sensitive to the specific circumstances of specific operating segment in which the Valuation Comparables operate in. Nonetheless, having considered that (i) all the Valuation Comparables are principally engaged in the adhesive products industry; and (ii) all the Valuation Comparables are selected based on the criteria that they must have revenue being attributable to trading of adhesive products for their latest financial year and (iii) a risk premium of 0.5% was added by GA to the startup risk premium making up a total of 2.5% in considering the difference in business risk between the Target Group, which is engaged in the trade business and the Valuation Comparables, which are mainly engaged in the manufacture and trade business. Therefore, we consider such information provides useful references to determine the market price of the Target Company in the prevailing market environment. Accordingly, we consider the selection of the comparable companies is appropriate, fair, reasonable and representative and therefore the Valuation, the Consideration and the basis of the Consideration is fair and reasonable.

Upon our further enquiry with GA, we understand that in the course of the Valuation, GA has conducted the following steps to select the Valuation Comparables:

(i) interviewed with the Management to obtain fundamental information and relevant legal documents regarding the Target Group; and

(ii) performed market research and obtained statistical figures from public sources; and

(iii) prepared model to derive the indicated value of the Target Company.

We have also requested, obtained and reviewed the supporting documents for the Valuation from GA. Given that GA possesses the expertise and shall oversee the performance of the entire Valuation, including but not limited to the methodology of, and basis and assumptions and selection of the comparables adopted for the Valuation, we are of the view that the Comparables are representative and the selection of the comparables is fair and reasonable.

5. Consideration Shares

The Consideration Shares to be allotted and issued upon Completion represent approximately (i) 13.85% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) 12.16% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Issue Price of HK$0.52 per Consideration Share represents

(i) a premium approximately 4% over the closing price of HK$0.50 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a premium approximately 3.79% over the average of the closing prices of HK$0.501 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the SP Agreement;

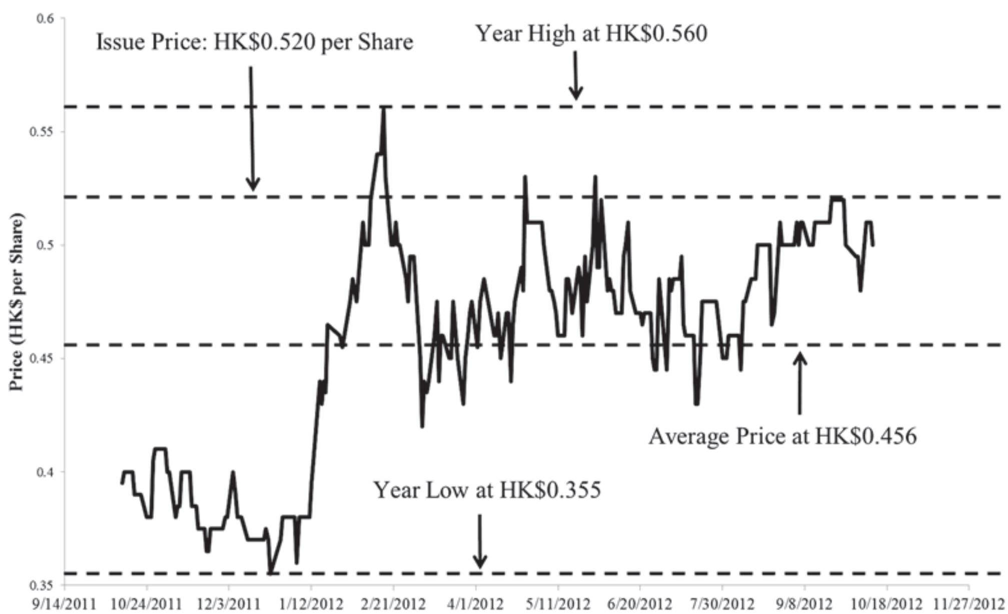
(iii) a premium approximately 2.77% over the average of the closing price of HK$0.506 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding the date of the SP Agreement;

(iv) a premium of approximately 1.96% over the closing price of HK$0.51 per Shares as quoted on the Stock Exchange on the Latest Practicable Date; and

(v) a premium of approximately 39.48% over the net asset value of the Company as shown in the latest audited consolidated financial statements of the Company for the year ended 30 September 2011.

We set out below the historical closing price per Share on the Stock Exchange during the 12-month period up to and including the Last Trading Day (the "**Review Period**").

Closing price per Share on the Stock Exchange



Source: Bloomberg

As illustrated above, the Shares closed on the Stock Exchange within a range from a low of HK$0.355 per share to a high of HK$0.56 during the Review Period. The average closing price per Share during the year ended on the Last Trading Day was approximately HK$0.456 per Share. We note from the chart above the Shares have closed at prices that were below the Issue price of HK$0.52. We also note that Issue Price represents a premium of approximately 10.24% over the volume weighted average price of HK$0.46256 per Share during the Review Period.

In addition, in order to evaluate the fairness and reasonableness of the Issue Price, we have identified, to our best knowledge and as far as we are aware of, the following connected transactions involving the issue of shares by companies listed on the Stock Exchange during the three-month period ended on the Last Trading Day (the "**Comparable Companies**") being an exhaustive list identified by us to our best knowledge.

We have also considered limiting the sample of comparable to companies with similar market capitalization and/or companies with similar trading liquidities of shares. But having considered that the issue price is generally determined with reference to a discount or premium to recent market price of the shares, we are of the view that limiting the sample of comparable using the aforementioned approach would not be helpful within the scope of our analysis. As the Comparable Companies reflect the recent trend of issue of shares by the companies in the market, we are of the view that the Comparable Companies are collectively a fair and representative sample.

Name of company (stock code)	**Date of announcement**	**Premium/(discount) of issue price per consideration share to the closing price as at the last trading day prior to the release of the announcement**
North Asia Resources Holdings Limited (61)	9 October 2012	(39.30)
Goodtop Tin International Holdings Limited (195)	28 September 2012	(47.40)
Beijing Enterprises Water Group Limited (371)	27 September 2012	(10.99)
Zhuguang Holdings Group Company Limited (1176)	24 September 2012	(2.20)
China Eastern Airlines Corporation Limited (670)	11 September 2012	—
EC-Founder (Holdings) Company Limited (618)	6 September 2012	—
Yanchang Petroleum International Limited (346)	2 September 2012	(3.77)
China Nonferrous Metals Company Limited (8306)	31 August 2012	23.08
China Bio-Med Regeneration Technology Limited (8158)	14 August 2012	8.91
	Minimum	23.08
	Maximum	(47.40)
	Average	(7.96)
The Company	11 October 2012	4.0

Source: http://www.hkex.com.hk

We note from the above table that the issue prices of the Comparable Companies ranged from a discount of approximately 47.4% to a premium of approximately 23.8% to/over the respective closing prices of their shares as at the last trading days prior to the release of the relevant announcements. The Issue Price, which represented a premium of approximately 4.0% to the closing price of the Shares of HK$0.50 per Share as quoted on the Stock Exchange on the Last Trading Day, falls within the above market range and is higher than the Comparable Companies' average discount of approximately 7.96%. Accordingly, we are of the view that the Issue Price is fair and reasonable so far as the Independent Shareholders are concerned.

6. Other terms of the SP Agreement

Pursuant to the SP Agreement, Mr. Ieong has irrevocably guaranteed and warranted to the Company that the audited consolidated net profit after taxation and extraordinary or exceptional items and minority interests of the Target Group for each of the two years ending 31 December 2014 shall not be less than HK$5,000,000.

Meanwhile, the Vendor irrevocably undertakes to procure Grace Power to cease to be engaged in the trading of electronic adhesive products and shall refer all the sales order from the existing customers of Grace Power to the Target Group. We concur with the view of the Directors that such term will provide considerable large customers base for the Company to deploy new business (i.e. trading of electronic adhesive products) without substantial further capital commitment for developing the new business.

We have also reviewed other terms of the SP Agreement and noted that the SP Agreement includes the usual terms of a normal agreement in relation to acquisition of a company and we are not aware of any terms which are unusual. Based on the above, we are of the view that the terms of the SP Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and its Independent Shareholders.

7. Industry Overview

Global market of adhesives

Being an essential material of the packaging process of electronic products, electronic adhesive products traded by the Target Group are widely used for bonding electronic components in the LED TVs, digital cameras, mobile phones (including the smartphones), computer notebooks, automobiles, freezers and air conditioners and so forth. The adhesive market is highly variable and is subject to many factors, such as economic conditions, consumer purchasing power, technology level, and ecological aspect. The use of adhesives will develop on the various sales markets and the strongest demand so far comes from the packaging and construction industries. We noted from the Management that the type of adhesive products traded by the Target Group is not used in the construction industry. The bonding or assembly of electronic components and cases in the consumer electronics industry can be categorized as a type of electronic packaging in the packaging industry. One of the electronic packaging techniques is to connect components together, providing them mechanical structure and/or electrical properties, and it is subject to the type of electronic adhesives used in the packaging process. We are, therefore, of the view that the increase in demand in the consumer electronic industry is related to the increase in demand for adhesives in the packaging industry. According to the World Packaging Organization, a Tokyo-based non-profit organization, the global sales of consumer goods packaging in the packaging industry amounted to approximately US$69.4 billion, US$75.3 million, US$79.0 million and US$94.5 million in 2003, 2004, 2005 and 2009, respectively. To the best of our knowledge, the aforementioned statistics are the most updated figures on global sales of consumer goods packaging in the packaging industry and those information is for reference purpose. According to a market study from Ceresana, a research company based in Germany, the global market for adhesives is projected to reach approximately US$29 billion and US$50 billion by 2016 and 2019 respectively, representing a compound annual growth rate of approximately 20%. It also expected that Asian countries will gain further shares of the global adhesive market at the expense of the matured markets in the developed countries of North America and Western Europe. According to SBI Energy released in April 2012, a research company based in the United States, Asian countries are expected to have a combined market value for adhesives in the global adhesive market amounted to approximately US$12.4 billion by 2016, representing an increase in global market share from more than a third of total demand in 2011 to approximately 42.8% in 2016. This growth is largely due to a resurging demand for eco-friendly bonding adhesives required for growing industrial sectors such as the automotive and electronics industries.

Worldwide consumer electronics industry

Demand for consumer electronic products has been promoted by new innovative products and growing household incomes, particularly in emerging markets such as countries in Asia, Eastern Europe and South America. Sales of consumer electronics are expected to remain relatively flat in the United States of America and Western Europe in 2013, while emerging countries will provide growth opportunities in many of the major categories in consumer electronics. Worldwide retail sales of consumer-related electronics in 2012 are estimated to grow approximately 4% to US$100 billion. According to the Consumer Electronics Association, an organisation for the consumer electronics industry based in the United States of America, the growth in consumer electronics sales is estimated to be driven mostly by growth as in tablet, smart phones and network-embedded televisions. The global mobile phones industry has maintained its growth in the past few years, with shipment of mobile devices increased by approximately 29.6% to 1,566 million units between 2009 and 2011. The worldwide sales revenue from mobile devices reached approximately US$241.2 billion in 2011, representing an increase of approximately 34.9% from 2009. According to Databeans, a market research company focuses on the electronics industry, the increasingly popular of smart phones, mobile phones which have multiple features such as media player, camera and GPS navigation, will continue to dominate the mobile phone industry and is estimated to have market share of approximately 73.6% of the total mobile phones by 2017.

Consumer electronics industry in the PRC

According to Euromonitor International, a market research company specializes in the consumer market, as leading indicators point to a slowdown in economic growth in the PRC, the PRC government is expected to take various measures to stimulate the economic activity, such as accelerating technology adoption and introduction of subsidy programs. Being the world's largest consumer electronics market, the PRC consumer electronics market is expected to grow by approximately 9% in 2012 and is forecast to be worth approximately US$201.0 billion and US$289.7 billion in 2012 and 2016 respectively. According to the statistics released by the Ministry of Industry and Information Technology of the PRC, the PRC accounted for more than one sixth of the world's mobile subscribers and is now the largest market for smart phones, with 32 million smartphones being sold in the PRC in the fourth quarter of 2011. In 2011, the mobile phone output in the PRC increased by approximately 15.5% over 2010 to approximately 1.2 billion units, among which, the export volume rose by 13.9% over 2010 to 885.0 million units.

Taking into consideration that (i) the Acquisition is in line with the development plan of the Group; and (ii), the positive future outlook of the markets of the electronic and adhesive products, we are of the view that the Acquisition is in the interests of the Group and the Shareholders as a whole.

8. Possible dilution effect on the shareholding interests of the existing public Shareholders

The changes of the shareholding structure of the Company immediate before and after Completion

	As at the Latest Practicable Date		**Immediately after Completion**	
	Number of Shares	*Approximate percentage of shareholding %*	*Number of Shares*	*Approximate percentage of shareholding %*
Mr. Ieong *(notes 1 and 2)*	896,000	0.18	70,126,769	12.32
All Reach Investments Limited *(note 1)*	342,500,000	68.50	342,500,000	60.17
other public shareholders	156,604,000	31.32	156,604,000	27.51
Total	500,000,000	100.00	569,230,769	100.00

Notes:

(1) The entire issued share capital of All Reach Investments Limited is wholly and beneficially owned by Mr. Ieong. By virtue of the SFO, Mr. Ieong, is deemed to be interested in the entire 342,500,000 Shares held by All Reach. Mrs. Ieong, being the spouse of Mr. Ieong, is also deemed to be interested in the 342,500,000 Shares under the SFO.

(2) According to the laws of Macau, the regime of matrimonial property of Mr. Ieong and Chan Sut Kuan, the wife of Mr. Ieong is community (共同財產制).

The Consideration Shares to be allotted and issued upon Completion represent approximately (i) 13.85% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) 12.16% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares. As noted from the table set out above, upon Completion, the shareholdings of the other public Shareholders will be diluted from 31.32 to 27.51% as at the Latest Practicable Date. Taking into account (i) the proposed Acquisition would provide an opportunity for the Group to broaden its source of income; (ii) the Issue Price of HK$0.52 per Consideration Share represents a premium approximately 4% over the closing price of HK$0.50 per Share as quoted on the Stock Exchange on the Last Trading Day and (iii) the terms of the SP Agreement being fair and reasonable, we consider the aforesaid dilution effects on the shareholding of the Independent Shareholders expected to arise out of the Acquisition is acceptable.

9. Financial effect of the Acquisition on the Group

Earnings

In light of the possible business prospect of the Target Group attributable to the Group, the Directors expected that the Acquisition would have a positive impact on the future earnings of the Group as the Company will be able to fully consolidate the financial results of the Target Group into its consolidated financial statements.

Net asset value

The consideration for the Acquisition is at 5.2% discount to the fair market value of the Target Company as at 30 September 2012. Notwithstanding that the market value exceeds the net assets value as well as the consideration of the Target Company, the Management expects that there will be no immediate effect on the net asset value of the Group as a result of the Acquisition. Upon Completion, the Target Company will become an indirectly wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial results of the Company. It is expected that the Acquisition may give rise to a possible goodwill which would be determined by the fair value of the Target Company as at the date of Completion. The extent to which any impairment provision for the goodwill might be made in the Group's future financial statements would depend on the result of the impairment test based on the assessment of the cash generating unit of the Target Company as at the date of the related reporting period.

Cash position

We noted that the Consideration of the Acquisition is HK$45,000,000 payable to the Vendor by the Purchaser and HK$9,000,000 shall be satisfied in cash. According to the interim report 2012, the Group had cash balances of approximately HK$17,938,000. In view that the capital contribution to the Acquisition amount to HK$9,000,000, we are of the view that the Group will have sufficient internal financial resources to satisfy the Acquisition taking into account the sufficient cash reserves of the Group.

It should be noted that the above-mentioned analyses are for illustrative purpose only and does not purport to represent how the financial position of the Group will be upon Completion.

10. Risk relating to terms of SP Agreement

Escrow arrangement

According to the Management, after the arm's length negotiation, Mr. Ieong agreed to provide the Profit Guarantee but he did not agree to stakehold any part of the Consideration until the Profit Guarantee be met in 2 years time on the ground that after Completion the title of the assets have been transferred to the Group and the Group is entitled to consolidate the financial statement of the Target Group immediately after Completion. During the course of negotiation, the Directors were satisfied that Mr. Ieong, being the controlling Shareholder who directly and indirectly holds in aggregate 343,396,000 Shares with the market capitalization of approximately HK$170 million, will have sufficient financial resources to discharge his obligation to repay the Shortfall should the Profit Guarantee cannot be met. In the mean time, we have identified three acquisition transactions by companies listed on the Stock Exchange involving a profit guarantee provided by the vendor during the two-month period ended on the Last Trading Day. We found that none of these companies has the escrow arrangement. Having considered the aforementioned factors, we concur with the Director's view that that in the absence of the escrow arrangement, the Company and its Shareholders' interests will not be jeopardised.

Mr. Ieong's undertaking

Pursuant to the SP Agreement, Mr. Ieong has irrevocably and unconditionally undertaken in favour of the Purchaser that commencing from the date of the Completion, (i) he shall not, except through any member of the Target Group, directly or indirectly (whether as principal or agent, through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise) carry on, engage, invest or be interested or otherwise involved in any business that is similar to or in competition with or is likely to be in competition with any business relating to trading of electronic adhesive products carried on by any member of the Target Group from time to time ("**Restricted Business**"); (ii) when he and/or any of his associates is offered or becomes aware of any new project or business opportunity directly or indirectly to engage or become interested in a Restricted Business, he (i) shall promptly notify the Purchaser in writing, refer such project or business opportunity to the Purchaser's consideration first and provide such information as may be reasonably required by Purchaser to make an informed assessment of such project or business opportunity; and (ii) shall not, and procure that his associates shall not, invest or participate in any such project or business opportunity unless such project or business opportunity shall have been rejected by the Purchaser and the principal terms of which the Purchaser invest or participate are no more favourable than those made available to Mr. Ieong; and (iii) he will procure Grace Power to cease to be engaged in the trading of electronic adhesive products and shall refer all the sales order from the existing customers of Grace Power to the Target Group. The above undertaking shall remain effective until and unless the Target Group ceases to be subsidiaries of the Company.

In the case that the Mr. Ieong breaches the undertaking and fails to procure Grace Power to cease to be engaged in the trading of electronic adhesive business and refer all the sales order from the existing customer of Grace Power to the Target Group, we are of the view that it will not have a material adverse impact on the Target Group's business as the Mr. Ieong has to compensate the Company 9 times of the Shortfall under the Profit Guarantee. In addition, the Company will take the appropriate legal actions (including seeking injunction in respect of procuring Grace Power to cease be engaged in the trading of electronic adhesive business and/or specific performance in respect of referring all the sales order from the existing customer of Grace Power to the Target Group) in Hong Kong as permitted by the laws of Hong Kong.

RECOMMENDATION ON THE ACQUISITION

Having taken into account the principal factors and reasons referred to the above, in particular the following:

- the Acquisition is in line with the Group's business development strategy;
- the PRC Company was acquired by Grace Power in May 2012 from the two Independent Third Parties for a consideration of RMB1,830,000, (ii) the Target Group has a limited track record; and (iii) trading business is not a capital intensive in nature, having considered (i) the PRC Company has obtained Danger Chemicals Operation Licence (危險化學品經營許可證); (ii) the PRC Company has already built up extensive business relationship with its suppliers; (iii) Mr. Ieong who provides the Profit Guaranteed of not less than HK$5 million in the SP Agreement and (iv) the aggregated profit after taxation of Grace Power and the PRC Company is approximately HK$4,987,000;
- Mr. Ieong has irrevocably undertaken to the Purchaser to cease the electronic adhesive products trading business of Grace Power and to refer all its customers' new purchase orders to the Target Group upon Completion;
- the Consideration is lower than the Valuation;
- the positive future outlook of the electronic adhesive products business; and

- there will not be material adverse financial effects on the Group immediately upon Completion.

We are of the opinion that the terms of the SP Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and the business to be conducted by the Target Company is consistent with the ordinary and usual course of business of the Group and the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, as well as the Independent Shareholders, to vote in favour of the ordinary resolution in respect of approving the Acquisition.

Yours faithfully,
For and on behalf of
Ample Capital Limited
H. W. Tang
President

GA VALUATION LIMITED
天基評估有限公司

10 December 2012

Infinity Chemical Holdings Company Limited
19th Floor, Prosperity Tower
39 Queen's Road Central
Central, Hong Kong

Attn: The Board of Directors

Dear Sirs,

Re: The 100 Percent Equity Interest in the Business Enterprise of Rank Best Investments Limited

In accordance with your instructions for us to carry out an appraisal of the fair value of the 100 percent equity interest in the business enterprise of Rank Best Investments Limited (hereinafter referred to as the "Business Enterprise"), we confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the fair value of the Business Enterprise as at 30 September 2012 (hereinafter referred to as the "Valuation Date").

This report states the purpose of appraisal and scope of our works, identifies the business appraised, describes the basis and methodology of our appraisal, investigation and analysis, assumptions and limiting conditions, and presents our opinion of value.

1.0 PURPOSE OF APPRAISAL

We acknowledge that this report is being prepared solely for the use of the directors and management of Infinity Chemical Holdings Company Limited (hereinafter referred to as the "Company"). The Company is a pubic company listed on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Stock Exchange"). The Business Enterprise is a private limited company incorporated in the British Virgin Islands.

This report is not to be used for any purpose other than that mentioned above, including issue to third parties, without our prior approval of the use, form and context in which it is released. We assume no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely on their own risk.

2.0 SCOPE OF WORK

Our appraisal conclusions are based on the assumptions stated herein and on information provided by the management of the Business Enterprise or its representative (hereinafter referred to as the "Management"). In preparing this report, we have had discussions with the Management and the Company in relation to the development and prospects of the specialty chemicals industry in the People's Republic of China (hereinafter referred to as the "PRC"), and the development, operations and other relevant information of the Business Enterprise.

As part of our analysis, we have reviewed such financial information and other pertinent data concerning the Business Enterprise provided to us by the Management and the Company and have considered such information and data as attainable and reasonable. We have no reason to believe that any material facts have been withheld from us, however, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

We do not express an opinion as to whether the actual results of the business operation of the Business Enterprise will approximate those projected because assumptions regarding future events by their nature are not capable of independent substantiation. In applying these projections to the appraisal of the fair value of the Business Enterprise, we are making no representation that the business expansion will be successful, or that market growth and penetration will be realized.

3.0 ECONOMIC AND INDUSTRY OVERVIEW

3.1 Global Prospects

According to a recent report, *World Economic Outlook*, published in April 2012 by the International Monetary Fund (hereinafter referred to as the "IMF"), global prospects are gradually strengthening again after suffering a major setback during 2011, but downside risks remain elevated. Improved activity in the United States during the second half of 2011 and better policies in the euro area in response to its deepening economic crisis have reduced the threat of a sharp global slowdown.

Affirmed by a recent IMF update in July 2012, weak recovery will likely resume in the major advanced economies, and activity is expected to remain solid in most emerging and developing economies. Global growth is projected to drop from about 3.9 percent in 2011 to about 3.5 percent in 2012 because of weak activity in the last twelve months, mainly on account of the damage caused by deteriorating sovereign and banking sector developments in the euro area.

The IMF economists expect that the euro area will go into a mild recession in 2012 as a result of the sovereign debt crisis and a general loss of confidence, the effects of bank de-leveraging on the real economy, and the impact of fiscal consolidation in response to market pressure. The spillovers from the euro area crisis will severely affect the rest of Europe; other economies will likely experience further financial volatility but no major impact on activity unless the euro area crisis intensifies once again.

According to the July 2012 update, activity will continue to disappoint for the advanced economies as a group, expanding by only about 1.4 percent in 2012 and by 1.9 percent in 2013. Real gross domestic product ("GDP") growth in the emerging and developing economies is projected to slow from 6.2 percent in 2011 to 5.6 percent in 2012 but then to reaccelerate to 5.9 percent in 2013, helped by easier macroeconomic policies and strengthening foreign demand.

3.2 Historical Perspective of the Hong Kong and PRC Economies

Historical data of GDP provided by the IMF World Economic Outlook Database (April 2012) shows the development of the Hong Kong and PRC economies in United States Dollars (hereinafter referred to as "USD") in Chart 3.1 follows.

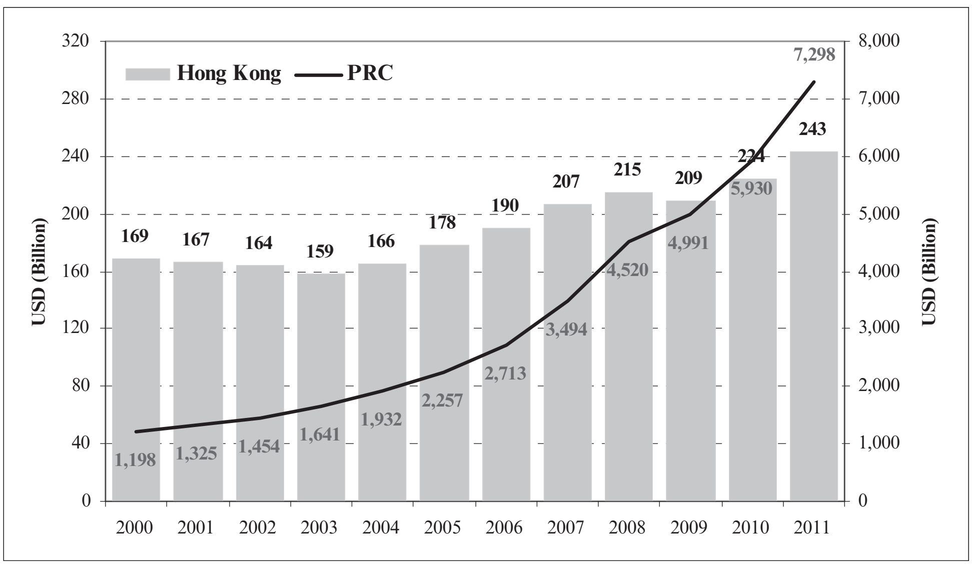


Chart 3.1 — GDP (Current Prices) for Hong Kong and PRC (estimate for 2011)

3.3 Asia Pacific Prospects

Much weaker external demand has dimmed the outlook for Asia. But resilient domestic demand in the PRC, limited financial spillovers, room for policy easing, and the capacity of Asian banks to step in as European banks de-leverage suggest that the soft landing under way is likely to continue. Activity across Asia slowed during the last quarter of 2011, reflecting both external and domestic developments.

The effect of spillovers from Europe can be seen in the weakness of Asia's exports. In some economies, such as India, domestic factors also contributed to the slowdown, as a deterioration in business sentiment weakened investment and policy tightening raised borrowing costs. The historic floods that hit Thailand significantly curtailed their growth in the last quarter of 2011, shaving 2 percentage points off the annual growth, and led to negative spillovers on regional economies.

In some other Asian economies, however, robust domestic demand helped offset the drag on growth of slowing exports. Investment and private consumption remained strong in the PRC, buoyed by solid corporate profits and rising household income. Moreover, the rebound from the supply chain disruptions caused by the Japanese earthquake and tsunami was stronger than anticipated.

The following table summarized the GDP growth for countries in the region as estimated by the IMF World Economic Outlook Database (April 2012 edition). It is expected that growth in the PRC will remain strong and steady in the range of 9 to 10 percent per annum.

Country	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Australia	19.51	6.57	4.13	3.52	3.70	3.40	5.40
Hong Kong	8.53	7.06	7.11	7.46	7.47	7.41	7.38
India	4.89	6.15	10.25	10.29	10.21	10.25	10.56
Indonesia	19.39	9.77	13.65	15.11	14.80	14.26	13.73
Japan	6.94	1.90	1.33	2.42	2.65	2.49	2.52
Korea	9.99	4.24	6.84	7.26	7.25	7.24	7.26
Malaysia	17.19	9.74	7.84	8.15	8.15	8.15	8.15
New Zealand	14.96	11.55	4.02	2.79	3.14	2.56	4.47
Philippines	6.78	6.78	6.76	7.14	7.23	7.34	7.44
PRC	23.06	9.50	9.83	9.85	9.74	9.62	9.61
Singapore	14.28	3.91	4.32	4.52	4.52	4.55	4.48
Taiwan	8.52	2.92	8.18	8.25	8.33	8.54	8.38
Thailand	8.39	9.12	10.11	6.28	6.01	5.63	5.73
Vietnam	18.49	10.34	9.24	9.19	8.60	8.39	8.46

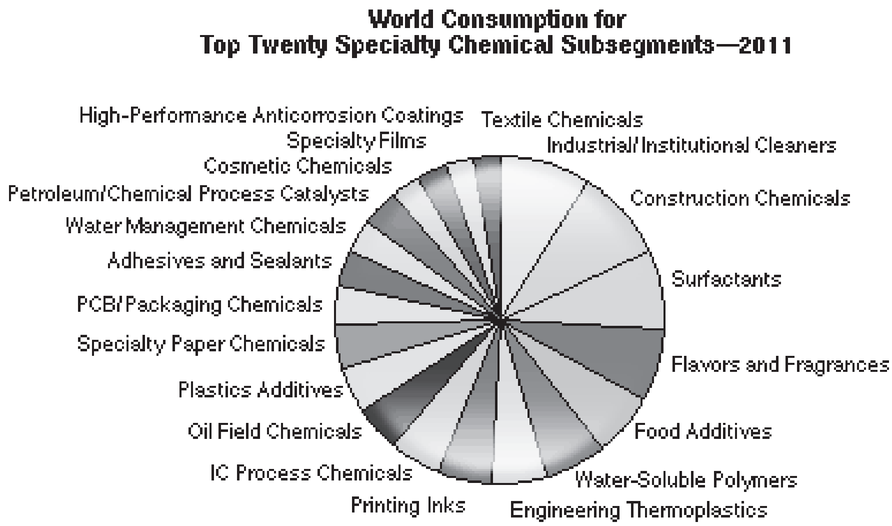
3.4 Specialty Chemicals Industry

According to a report released in July 2012 by IHS, the global chemical industry, including the specialty chemicals sector, resumed growth in 2010 and 2011. During the economic downturn from 2008 to 2009, overall chemical production contracted, in many cases severely, as demand from major end use markets like automotive, electronics and construction evaporated.

The global economy began to recover in 2009 and continued to improve in 2010. Slowdown in the global economy in late 2011 and a likely recession in Europe led to slower growth rates in 2011 compared with 2010. However, growth in the PRC in the high single digit range offset weaker demand in Western economies. It is expected that specialty chemicals will show average growth rates in developed regions as end use industries further progress in 2012.

Growth prospects for the following specialty chemicals segments, emission control catalysts, mining chemicals, specialty polymers and electronic chemicals (IC process and PCB chemicals) are favorable because the outlook for the corresponding end use industries has brightened.

In 2011, the five largest specialty chemicals segments, specialty polymers, industrial and institutional cleaners, electronic chemicals, construction chemicals and surfactants, had a market share of about 36 percent; the ten largest segments accounted for 62% of total annual specialty chemicals sales. Each specialty chemicals business segment comprises several sub-segments, each with individualized product, market and competitive profiles. The following pie chart shows world consumption for the top twenty specialty chemicals sub-segments:



(*source:* http://www.ihs.com/images/specialty%20chemicals.gif)

4.0 THE BUSINESS ENTERPRISE

4.1 Background

The Business Enterprise is a private company incorporated in the British Virgin Islands on 1 August 2012 with limited liability. It is principally engaged in investment holdings and through its operating subsidiaries engaged in the trading of electronic adhesive used in the production of electronic products.

4.2 Scope of Business

The electronic adhesive products are mainly used for bonding all electronic components in notebook computers, digital cameras, mobile phones (including smartphones), LED TVs, automobiles, freezers, air-conditioners and so forth. The global mobile handset industry maintained a strong demand in the past few years. According to statistics released by the Ministry of Industry and Information Technology of the PRC, mobile handset market in the PRC also maintained a stable growth, with the number of users reaching over 1 billion for 2011 when the global growth achieved a 14.5 percent increase.

4.3 Profit Guarantee

The Business Enterprise is currently going through a series of re-organization, which will not adversely affect business prospects but enhance efficiency. However, a track record of earnings, whether audited or not, thus will not be available. Therefore, shareholders of the Business Enterprise asserted and guaranteed the earnings for the first two years of operation after re-organization will not be less than HKD5 million in each year, which is adopted as current and prospective earnings.

5.0 DEFINITION OF APPRAISAL

We have appraised the Business Enterprise on the basis of fair value. Fair value as used herein is defined as "the estimated amount for which an asset could be exchanged, or a liability settled, between willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

6.0 INVESTIGATION AND ANALYSIS

Our investigation included discussions with members of the management of the Business Enterprise in relation to the development and prospects of the specialty chemicals industry in the PRC, and the development, operations and other relevant information of the Business Enterprise. In addition, we have made relevant inquiries and obtained such further information, statistical figures regarding the industry from external public sources, as we consider necessary for the purpose of this appraisal.

As part of our analysis, we have reviewed such financial information and other pertinent data concerning the Business Enterprise provided to us by the Management and the Company and have considered such information and data as attainable and reasonable. We have also consulted other sources of financial and business information. The appraisal of an interest in the Business Enterprise requires consideration of all pertinent factors, which may or may not affect the operation of the business and its ability to generate future investment returns. The factors considered in this appraisal include, but not necessarily limited to, the following:

- The nature and prospect of the Business Enterprise.
- The financial condition of the Business Enterprise.
- The economic outlook in general and the specific economic environment and market elements affecting the business, industry and market.
- Renewal of relevant leases, licenses and agreements.
- The business risk of the Business Enterprise such as the ability in maintaining competent technical and professional personnel.

- Investment returns and market transactions of entities engaged in similar lines of business.

7.0 GENERAL APPRAISAL APPROACHES

There are three generally accepted approaches to obtain the fair value of the Business Enterprise, namely, the Market-Based Approach, the Asset-Based Approach and the Income-Based Approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted in valuing business entities that is similar in nature.

7.1 Market-Based Approach

It values a business entity by comparison of the prices at which other similar business nature companies or interests changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to pay for an equally desirable alternative. By adopting this approach, the valuer will first look for valuation indication from the prices of other similar companies or equity interests in companies that were sold recently.

The right transactions employed in analyzing for indications of value need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell. The derived multiples (most commonly used are: price to earnings, price to revenues and price to book multiple) based on analyses of those transactions are then to be applied to the fundamental financial variables of the subject business entity and to arrive at an indicated value of it.

7.2 Asset-Based Approach

The Asset-Based Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital (equity and long term debt).

In other words, the value of the business entity is represented by the money that has been made available to purchase the business assets needed. This money comes from investors who buy stocks of the business entity (equity) and investors who lend money to the business entity (debt). After collecting the total amounts of money from equity and debt providers, and converted into various types of assets of the business entity for its operation, their sum equals the value of the business entity.

From a valuation perspective, the valuer will restate the values of all types of assets of a business entity from book value, i.e. historical cost minus depreciation to appropriate standards of value. After the restatement, the valuer can identify the indicated value of the business entity, or, by applying the accounting principle "assets minus liabilities", arrive at the value of the equity interests of the business entity.

7.3 Income-Based Approach

The Income-Based Approach focuses on the economic benefits generated by the income producing capability of a business entity. The underlying theory of this approach is that the value of a business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity.

Based on this valuation principle, the Income-Based Approach estimates the future economic benefits and discounts these benefits to its present value using a discount rate appropriate for the risks associated with realizing those benefits. Alternatively, this can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

8.0 APPRAISALS APPROACHES FOR THE BUSINESS ENTERPRISE

In the process of valuing the Business Enterprise, we have taken into account of the uniqueness of its operation, the industry it is participating, and the availability of information and market data. The Business Enterprise is engaged in less capital intensive industry and does not require substantial fixed assets to support its business, therefore, we consider the Asset-Based Approaches is inappropriate. While the other two approaches are valid for the purpose, the Market-Based Approach appears to be more appropriate methodology according to information available as it reflects the market price agreed by buyers and sellers of an equity interest in similar business and therefore adopted to arrive at the fair value of the Business Enterprise.

8.1 Market Comparables

We first searched suitable market comparables (hereinafter referred to as the "Comparables") using Bloomberg equity screening service from the Chemicals sector as defined by the Global Industry Classification Standard for actively traded primary securities of companies engaged in the trade of adhesives with PRC domicile, market focus in the PRC and similar product focus, however it did not identify any company meeting the criteria. We then expanded to search those engaged in the manufacture and trade and obtained the following.

Company Name	P/E (x)	WACC (%)
Beijing Comens New Materials Co Ltd (300200 CH)	31.41	15.55
Guangdong Delian Group Co Ltd (002666 CH)	13.52	12.53
Hubei Huitian Adhesive Enterprise Co Ltd (300041 CH)	20.55	11.61
Shanghai Kangda New Materials Co Ltd (002669 CH)	12.94	12.34
Average for the Comparables	19.60	13.01

The difference in business risk between the Business Enterprise, which is engaged in the trade business and the Comparables, which are mainly engaged in the manufacture and trade business, is handled in the risk adjusted WACC to be adopted and considered hereinafter.

8.1.1 Beijing Comens New Materials Co Ltd

The company develops, produces and sells reactive composite PU adhesives. The company's main products are composite PU adhesives.

8.1.2 Guangdong Delian Group Co Ltd

The company manufactures and sells automotive fine chemicals. The company's main products include anti-freezing fluid, power steering fluid, automatic transmission fluid, engine oil, fuel additives, adhesives, and other related products.

8.1.3 Hubei Huitian Adhesive Enterprise Co Ltd

The company researches, produces and sells adhesives and chemicals. The company's products include organic silica gel, acrylic adhesive, anaerobic adhesive, epoxy glue, and polyurethane glue.

8.1.4 Shanghai Kangda New Materials Co Ltd

The company develops, manufactures, sells structural adhesives, and provides related services. The company's main products include epoxy structure adhesives, acrylate adhesives, polyurethane adhesives, and SBS adhesives.

8.2 Implied Growth Rate

Based on the average price earnings multiple ("PEM") and the weighted average cost of capital (hereinafter referred to as "WACC") for the Comparables, we obtained an implied growth rate ("IGR") of 7.52 percent by resolving the equation PEM = (1 + IGR) ÷ (WACC – IGR) derived on the basis of Gordon growth model.

8.3 WACC

8.3.1 Size premium

The Ibbotson Valuation Yearbook 2012, which reported size premia for end of 2011 to be 3.89 percent for micro-cap companies of a market capitalization from USD1.028 million to USD422.8 million, and 1.88 percent for low-cap companies of a market capitalization from USD422.9 million to USD1,620.8 million.

Thus, we determined a size premium of 2.01 percent, being the difference between 3.89 percent and 1.88 percent, which is a fair and reasonable adjustment with respect to the size difference between the Comparables, which are in the low-cap range and the Business Enterprise, which is in the micro-cap range.

The Ibbotson Valuation Yearbook 2012 is published for people involved in the valuation of businesses and is a separate version of the Ibbotson Stocks, Bonds, Bills, and Inflation (SBBI) Classic Yearbook, which has been revised and updated annually for more than 25 years.

The Ibbotson SBBI Classic Yearbook has become a standard reference publication in both the investment and business valuation communities. It was extended from the seminal study in 1976 by Professor Roger Ibbotson that analyzed the long term returns of the principal asset classes in the US economy, his findings documented the relationship between risk and return.

8.3.2 Business and start-up risk premium

The Ibbotson Valuation Yearbook 2012 also reported on industry risk premia, the industry risk premium for chemicals manufacturing excluding pharmaceuticals and cosmetics is 2.34 percent and the average industry risk premium for wholesale trade in chemicals and allied products excluding pharmaceuticals and cosmetics is 2.72 percent. Therefore, an industry risk premium of 0.38 percent approximated to half percent is considered fair and reasonable to address the difference in respect of business focus for the Comparables and the Business Enterprise.

The Business Enterprise is relatively new and will establish its business network in the coming years. As the business will be managed and developed by a team with relevant industry experience, the business risk it faces will not be materially different from an average business.

Therefore, we adopted the average default rate of 1.84 percent approximated to 2.00 percent as reported by the Standard and Poor's 2011 Annual Global Corporate Default Study and Rating Transitions for all non-financial companies, which is a measure of business failure and considered to be a fair and reasonable premium to reflect the business risk of the Business Enterprise.

From the above, we arrived at a business and start-up risk premium of 2.50 percent, which comprises the half percent representing difference in respect of business focus for the Comparables and the Business Enterprise and the 2.00 percent representing a premium to reflect the business risk of the Business Enterprise. Thus, arrived at a risk adjusted WACC of 17.52 percent.

8.4 Price Earnings Multiple

According to the parameters determined above, which are derived from market data and adjusted to address difference between the Comparables and the Business Enterprise, we obtained and adopted an adjusted PEM of 10.75 using the risk adjusted WACC of 17.52 percent and the IGR of 7.52 percent.

8.5 The Fair Value

According to the PEM adopted, and the profit guarantee made by the major shareholders of the Business Enterprise, the fair value is therefore approximately HKD47.5 million after applying a discount of 11.60 percent for lack of marketability as a private company on the basis of the expected net income margin, which is considered fair and reasonable as it is based on objective measures revealed by a research conducted by Bruce Johnson published in the Business Valuation Review (December 1999) pp.152–155.

The research, "Quantitative Support for Discounts for Lack of Marketability", was aimed to reveal a link between the wide range of price discounts observed by other researchers and subject company characteristics. He studied 72 private placements and analyzed four factors that might influence the size of the discount, namely, (1) net income margin, (2) size of net income, (3) sales volume, and (4) transaction value.

His research findings are summarized below:

Net Income Margin	**Average Discount**	**Size of Net Income** *(in USD million)*	**Average Discount**
Negative	22.5%	Negative	22.5%
0% to 5%	23.7%	0 to 1	26.0%
5% to 10%	15.2%	1 to 10	18.1%
10% or above	11.6%	10 or above	6.3%

Sales Volume *(in USD million)*	**Average Discount**	**Transaction Value** *(in USD million)*	**Average Discount**
0 to 10	23.5%	0 to 5	26.7%
10 to 50	19.4%	5 to 10	20.9%
50 to 200	17.7%	10 to 25	17.0%
200 or above	13.0%	25 or above	10.8%

Among these factors, net income margin is a relative measure, that is free of the units in which the original data is measured, these measures are usually expressed in terms of ratios or percentages, whereas the other three factors are money value measures, also commonly known as absolute measures, which are expressed in the original units it is measured, as the primary operating currency of the Business Enterprise is HKD and RMB, using currency based measures are less desirable, therefore, net income margin is more appropriate than other three to be adopted.

The rationale for adopting a relative measure is due to the reason that the average DLOMs on the basis of other absolute (that is money value based) measures observed by the research may carry certain extent of discount relative to size. As the size factor was already considered and handled by the size premium adopted, therefore, if an absolute measure is adopted, it will lead to the size factor being handled twice.

9.0 APPRAISAL ASSUMPTIONS

We have adopted certain specific assumptions in this appraisal and the major ones are as follows:

- There will be sufficient supply of technical staff in the industry in which the Business Enterprise operates.
- The Business Enterprise will retain competent management, key personnel and technical staff to support its ongoing operations and developments.
- The profit level will be achieved according to the guarantee made.
- Interest rates and exchange rates in the localities for the operation of the Business Enterprise will not differ materially from those presently prevailing.
- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Business Enterprise operates or intends to operate would be officially obtained, and renewed upon expiry.
- There will be no major changes in the current taxation laws in the localities in which the Business Enterprise operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with.
- There will be no major changes in the political, legal, economic or financial conditions in the localities in which the Business Enterprise operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Business Enterprise.

10.0 LIMITING CONDITIONS

Our conclusion of the fair value is derived from generally accepted appraisal procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. This appraisal reflects facts and conditions existing at the Valuation Date. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others which have been used in formulating this analysis, are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy. We have relied to a considerable extent on information provided by the Management and the Company in arriving at our opinion of value.

We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

Save as and except for the purpose stated above, neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear. In accordance with our standard practice, we must state that this report is for the exclusive use of the party to whom it is addressed and for the specific purpose stated above.

We assume no responsibility whatsoever to any person other than the directors and management of the Company in respect of, or arising out of, the content of this report. If others choose to rely in any way on the contents of this report, they do so entirely on their own risk.

11.0 REMARKS

Unless otherwise stated, all monetary amounts stated in this appraisal report are in Hong Kong Dollars (HKD). We hereby confirm that we have no present interests in the Company, the Business Enterprise, or the values reported herein.

12.0 OPINION OF VALUES

Based on the investigation and analysis stated above and on the appraisal methods employed, we are of the opinion that the fair value of 100% equity interest of the Business Enterprise as at 30 September 2012 is in the sum of **HKD47,500,000 (HONG KONG DOLLARS FORTY-SEVEN MILLION FIVE HUNDRED THOUSAND ONLY)**.

Yours faithfully,
For and on behalf of
GA Valuation Limited
Teddy Iu
FCMA, CGMA, FCPA
Head, Business Valuation

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the following Director had or was deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange to be disclosed in this circular.

(i) The Company

Name of Director	Nature of interest	No. of Shares held	Position	Approximate percentage of issued share capital
Mr. Ieong *(note)*	Interest in controlled corporation	342,500,000	Long	68.50%
	Beneficial owner	896,000	Long	0.18%

Note: These Shares are held by All Reach Investments Limited, the entire issued share capital of which is wholly and beneficially owned by Mr. Ieong. By virtue of the SFO, Mr. Ieong is deemed to be interested in the entire 342,500,000 Shares held by All Reach Investments Limited.

(ii) Associated corporation

Name of associated corporation	Name of Director	Capacity	Position	Number of shares in the associated corporation	Percentage of shareholding in the associated corporation
All Reach Investments Limited	Mr. Ieong	Beneficial owner	Long	100	100%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules to be notified to the Company and the Stock Exchange to be disclosed in this circular.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Name of Shareholder		Nature of interest	No. of Shares held	Position	Approximate percentage of issued share capital
All Reach Investments Limited	*(note 1)*	Beneficial owner	342,500,000	Long	68.50%
Chan Sut Kuan ("**Mrs. Ieong**")	*(notes 1 and 2)*	Interest of spouse	343,396,000	Long	68.68%
Raffles Partners Asset Management (Hong Kong) Limited	*(note 3)*	Beneficial owner	32,500,000	Long	6.50%
Tang Tsz Kit	*(note 3)*	Interest in controlled corporation	32,500,000	Long	6.50%

Name of Shareholder		Nature of interest	No. of Shares held	Position	Approximate percentage of issued share capital
Bofanti Limited	*(note 4)*	Beneficial owner	25,000,000	Long	5%
Pyrope Assets Limited	*(note 4)*	Interest in controlled corporation	25,000,000	Long	5%
CK Life Sciences International (Holdings) Incorporation	*(notes 4 and 5)*	Interest in controlled corporation	25,000,000	Long	5%
Gold Rainbow International Limited	*(notes 4 and 5)*	Interest in controlled corporation	25,000,000	Long	5%
Gotak Limited	*(notes 4 and 5)*	Interest in controlled corporation	25,000,000	Long	5%
Cheung Kong (Holdings) Limited	*(notes 4 and 5)*	Interest in controlled corporation	25,000,000	Long	5%
Li Ka-Shing Unity Trustee Corporation Limited	*(note 6)*	Trustee	25,000,000	Long	5%
		Beneficiary of a discretionary trust			
Li Ka-Shing Unity Trustee Company Limited	*(note 6)*	Trustee	25,000,000	Long	5%
Li Ka-Shing Unity Trustcorp Limited	*(note 6)*	Trustee	25,000,000	Long	5%
		Beneficiary of a discretionary trust			
Li Ka-Shing	*(note 7)*	Interest in controlled corporation and Founder of a trust	25,000,000	Long	5%

Notes:

1 All Reach Investments Limited is directly, wholly and beneficially owned by Mr. Ieong. By virtue of the SFO, Mr. Ieong, an executive Director, is deemed to be interested in the entire 342,500,000 Shares held by All Reach Investments Limited. Mr. Ieong is in person beneficially owns 896,000 Shares. Mrs. Ieong is the spouse of Mr. Ieong and is therefore deemed to be interested in the 343,396,000 Shares held by Mr. Ieong.

2 According to the laws of Macau, the regime of matrimonial property of Mr. Ieong and Mrs. Ieong is community (共同財產制).

3 Raffles Partners Asset Management (Hong Kong) Limited is directly, wholly and beneficially owned by Tang Tsz Kit. By virtue of the SFO, Tang Tsz Kit is deemed to be interested in the entire 32,500,000 Shares held by Raffles Partners.

4. Bofanti Limited is a company incorporated in the British Virgin Islands, the entire issued share capital of which is owned by Pyrope Assets Limited. Accordingly, Pyrope Assets Limited is deemed to be interested in the 25,000,000 Shares held by Bofanti under the SFO.

5. Pyrope Assets Limited is a company incorporated in the British Virgin Islands, the entire issued share capital of which is owned by CK Life Sciences Int'l., (Holdings) Inc., a company incorporated in Cayman Islands and 45.31% of its entire issues share capital is owned by Gold Rainbow Int'l Limited, a company incorporated in the British Virgin Islands and the entire issued share capital of which is owned by Gotak Limited, a company incorporated in the British Virgin Islands and the entire issued share capital of which is owned by Cheung Kong (Holdings) Limited. Each of CK Life Sciences Int'l., (Holdings) Inc., Gold Rainbow Int'l Limited, Gotak Limited and Cheung Kong (Holdings) Limited is deemed to be interested in the 25,000,000 Shares held by Bofanti under the SFO.

6. Li Ka-Shing Unity Trustee Company Limited ("**TUT**") as trustee of The Li Ka-Shing Unity Trust (the "**LKS Unity Trust**") and companies controlled by TUT as trustee of the LKS Unity Trust hold more than one-third of the issued share capital of Cheung Kong (Holdings) Limited. Li Ka-Shing Unity Trustee Corporation Limited ("**TDT1**") as trustee of The Li Ka-Shing Unity Discretionary Trust ("**DT1**") and Li Ka-Shing Unity Trustcorp Limited ("**TDT2**") as trustee of another discretionary trust ("**DT2**") hold all issued and outstanding units in the LKS Unity Trust but are not entitled to any interest or share in any particular property comprising the trust assets of the LKS Unity Trust. The discretionary beneficiaries of such discretionary trusts are, inter alia, Mr. Li Tzar Kuoi, Victor, his wife and children, and Mr. Li Tzar Kai, Richard. Under the SFO, each of TUT as trustee of the LKS Unity Trust, TDT1 as trustee of DT1 and TDT2 as trustee of DT2 is deemed to be interested in the same block of shares as Cheung Kong (Holdings) Limited is deemed to be interested as disclosed in note 5 above.

7. Mr. Li Ka-shing is the settler of each of DT1 and DT2 and may be regarded as a founder of each of DT1 and DT2 for the purpose of the SFO. The entire issued share capital of TUT and of the trustees of DT1 and DT2 are owned by Li Ka-Shing Unity Holdings Limited ("Unity Holdco"). Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor are respectively interested in one-third and two-third of the entire issued share capital of Unity Holdco. TUT is only interested in the shares of Cheung Kong (Holdings) Limited by reason only of its obligation and power to hold interests in those shares in its ordinary course of business as trustee and, when performing its functions as trustee, exercises its power to hold interests in the shares of Cheung Kong (Holdings) Limited independently without any reference to Unity Holdco or any of Mr. Li Ka-shing and Mr. Li Tzar Kuoi, Victor as a holder of the shares of Unity Holdco as aforesaid.

   By virtue of the above, Mr. Li Ka-shing is therefore taken to have a duty of disclosure in respect of the interest in the share capital of the Company held by Bofanti as a substantial shareholder of the Company under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interest or short positions in the Shares or underlying Shares (including any interests in options in respect of such share capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(c) Director's interests in contracts and assets

As at the Latest Practicable Date,

(i) save and except for Mr. Ieong entering into the SP Agreement, there was no contract or arrangement entered into by any member of the Group subsisting in which any Director was materially interested and which was significant to the business of the Group; and

(ii) save and except for Mr. Ieong's interest in the Target Group, none of the Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group since 30 September 2011, being the date to which the latest published audited consolidated financial statements of the Group were made up.

3. SERVICE CONTRACT

As at the Latest Practicable Date, no Director had a service contract with any member of the Group which is not determinable within one year without payment of compensation other than statutory compensation.

4. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was or is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was or is known to the Directors to be pending or threatened by or against either the Company or its subsidiaries.

5. COMPETING BUSINESS

Save and except for Mr. Ieong entering into the SP Agreement, as at the Latest Practicable Date, none of the Directors and their respective associates had any interests in any business which competes or was likely to compete, either directly or indirectly, with the Group's business.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 September 2011, being the date to which the latest audited financial statements of the Group were made up.

7. EXPERTS AND CONSENTS

The followings are the qualifications of the experts who have given opinions or advices contained in this circular:

Name	Qualification
Ample Capital	A licensed corporation under the supervision of the SFC to conduct Types 4, 6 and 9 regulated activities of advising on securities, corporate finance (including IPO sponsor) and asset management respectively
GFE Law Firm ("**GFE**")	PRC legal advisers
GA Valuation	Professional valuer

Each of Ample Capital, GFE and GA Valuation has given and have not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to name has in the form and context in which it appears.

As at the Latest Practicable Date, each of Ample Capital, GFE and GA Valuation did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any interests, directly or indirectly, in any assets which have been, since 30 September 2011, being the date to which the latest published audited financial statements of the Group were made up, acquired, disposed of or leased to any member of the Group, or were proposed to be acquired, disposed of or leased to any member of the Group.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copy of the SP Agreement is available for inspection at Hong Kong. 19/F, Prosperity Tower, No. 39, Queen's Road Central, Hong Kong during normal business hours (except Saturdays, Sundays and public holidays) from the date of this circular up to and including the date of the EGM.

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

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 640)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**Meeting**") of Infinity Chemical Holdings Company Limited (the "**Company**") will be held at Falcon Room 1, Gloucester Luk Kwok Hotel, 72 Gloucester Road, Wanchai, Hong Kong on Friday, 28 December 2012 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution (with or without amendments) as ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**

(a) the conditional sale and purchase agreement dated 11 October 2012 (the "**SP Agreement**") and entered into between Mr. Ieong Un ("**Mr. leong**"), as vendor, and Keen Castle Limited (the "**Purchaser**"), an indirect wholly owned subsidiary of the Company as purchaser, in relation to the sale and purchase of (i) 1 share in Rank Best Investments Limited (the "**Target Company**") representing 100% of the entire issued share capital of the Target Company; and (ii) all obligations, liabilities and debts owing or incurred by the Target Company and its subsidiaries to Mr. leong for a total consideration of HK$45,000,000 (a copy of the SP Agreement is marked "A" and produced to the EGM and signed by the chairman of the EGM for identification purpose) and all the transactions contemplated thereby pursuant to the SP Agreement be and hereby approved, confirmed and ratified; and

(b) the allotment and issue of 69,230,769 new shares (the "**Consideration Shares**") of HK$0.01 each in the share capital of the Company pursuant to the terms of the SP Agreement be and is hereby approved; and

(c) any one or more the director(s) of the Company (the "**Director(s)**") be and is/are hereby authorised to do all such acts and things and execute all such further documents which they consider necessary, desirable or expedient for the implementation of and giving effect to the SP Agreement and any of the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares, as are, in the opinion of the Directors, in the interest of the Company and its shareholders as a whole.

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

Hong Kong, 10 December 2012

Registered Office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
19/F, Prosperity Tower
39 Queen's Road Central
Central
Hong Kong

Notes:

1. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and, in the event of a poll, vote in his/her stead. A proxy needs not be a member of the Company.

2. In order to be valid, the form of proxy must be duly lodged at the Company's branch registrar and transfer office in Hong Kong, Tricor Investor Services Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, together with a power of attorney or other authority, if any, under which it is duly signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the meeting or any adjourned meeting.

3. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above meeting or any adjournment thereof, should he so wish, and in such event, the form of proxy shall be deemed to be revoked.