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

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 640)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2012

The board (the "Board") of directors (the "Directors") of Infinity Chemical Holdings Company Limited (the "Company") is pleased to announce its audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 30 September 2012 together with the comparative figures for the corresponding year in 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 September 2012

	Notes	**2012** *HK$'000*	2011 *HK$'000*
Turnover	*4*	**395,783**	373,554
Cost of goods sold		**(294,592)**	(291,246)
Gross profit		**101,191**	82,308
Other income		**3,558**	3,838
Changes in fair value of investment properties		**2,680**	8,430
Other losses		**(3,413)**	(3,139)
Research and development costs		**(1,856)**	(1,280)
Selling and distribution costs		**(16,038)**	(17,079)
Administrative expenses		**(56,278)**	(45,360)
Interest on bank borrowings wholly repayable within five years		**(2,371)**	(1,487)
Profit before taxation	*5*	**27,473**	26,231
Taxation	*6*	**(1,986)**	(2,377)
Profit for the year		**25,487**	23,854
Other comprehensive income			
— exchange differences arising on translation of foreign operations		**(281)**	4,323
Total comprehensive income for the year		**25,206**	28,177
Earnings per share — Basic	*8*	**HK5.1 cents**	HK4.8 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Investment properties		**23,430**	20,750
Property, plant and equipment		**47,598**	44,043
Land use rights		**18,364**	18,804
Deposits made on acquisition of property, plant and equipment		**2,800**	652
Club debentures		**1,080**	1,080
		93,272	85,329
Current assets			
Inventories		**56,604**	80,220
Trade, bills and other receivables	*9*	**123,038**	108,041
Pledged bank deposits		**22,709**	16,725
Bank balances and cash		**14,608**	22,708
		216,959	227,694
Current liabilities			
Trade, bills and other payables	*10*	**30,843**	66,605
Amount due to a related company		**10,000**	—
Taxation		**1,743**	1,053
Current portion of secured long-term bank loans		**7,171**	10,704
Secured short-term bank loans		**28,676**	26,448
Bank overdrafts — secured		**22,128**	18,064
		100,561	122,874
Net current assets		**116,398**	104,820
Total assets less current liabilities		**209,670**	190,149
Non-current liabilities			
Deferred taxation		**4,053**	3,738
Net assets		**205,617**	186,411
Capital and reserves			
Share capital		**5,000**	5,000
Reserves		**200,617**	181,411
Total equity		**205,617**	186,411

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2012

1. GENERAL

The Company was incorporated in the Cayman Islands and registered as an exempted company under the Companies Law of the Cayman Islands. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate and ultimate holding company is All Reach Investments Limited, a company incorporated in the British Virgin Islands. Mr. Ieong Un is the ultimate controlling shareholder and a director of the Company.

The Company acts as an investment holding company while its subsidiaries are principally engaged in the manufacture and sales of adhesives and related products used in footwear manufacturing. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the principal place of business in Hong Kong and Macau Special Administrative Region, Mainland China ("Macau") are 19th Floor, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong; and Rua De Pequim, Nos. 202A–246, Macau Finance Centre, 16 andar A-D, Macau, respectively.

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

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

In the current year, the Group has applied a number of revised standard and amendments issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for the Group's accounting period beginning on 1 October 2011.

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

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

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009–2011 Cycle[1]
HKFRS 7 (Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[2]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities[4]
HKFRS 9	Financial Instruments[2]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[4]
HKAS 19 (Revised 2011)	Employee Benefits[1]
HKAS 27 (Revised 2011)	Separate Financial Statements[1]
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[1]
HK(IFRIC*) — INT 20	Stripping Costs in the Production Phase of a Surface Mine[1]

1 Effective for annual periods beginning on or after 1 January 2013.
2 Effective for annual periods beginning on or after 1 January 2015.
3 Effective for annual periods beginning on or after 1 July 2012.
4 Effective for annual periods beginning on or after 1 January 2014.
5 Effective for annual periods beginning on or after 1 January 2012.

* IFRIC represents the IFRS Interpretations Committee.

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

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted. The directors of the Company anticipate that the application to HKFRS 9 may not have material impact on the Group's financial assets and financial liabilities.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

4. TURNOVER AND SEGMENT INFORMATION

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

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

Entity-wide information

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

	2012	2011
	HK$'000	*HK$'000*
Sales of		
— vulcanized shoes adhesive related products	**55,008**	33,964
— other adhesives	**205,026**	202,882
— primers	**85,763**	85,097
— hardeners	**44,644**	48,353
— others	**5,342**	3,258
	395,783	373,554

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

	2012	2011
	HK$'000	*HK$'000*
Turnover		
— PRC	**217,290**	193,903
— Vietnam	**136,349**	144,514
— Indonesia	**35,239**	26,172
— Bangladesh	**6,905**	8,965
	395,783	373,554

During the year, there was a customer contributing revenue of HK$131,203,000 (2011: HK$128,705,000) which accounted for more than 10% of the Group's total revenue.

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

	2012	2011
	HK$'000	*HK$'000*
PRC	**48,892**	50,481
Macau	**33,559**	26,417
Vietnam	**5,301**	3,445
Bangladesh	**5,520**	4,986
	93,272	85,329

5. PROFIT BEFORE TAXATION

	2012	2011
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging:		
Directors' remuneration	**8,947**	6,524
Other staff's retirement benefits scheme contributions	**2,307**	1,562
Other staff costs	**31,858**	26,735
	43,112	34,821
Less: Staff costs included in research and development costs	**(1,856)**	(1,280)
	41,256	33,541
Depreciation	**5.724**	5.271

6. TAXATION

	2012	2011
	HK$'000	*HK$'000*
Current tax:		
PRC Enterprise Income Tax ("EIT")	**(512)**	(638)
Macau complementary tax	**(882)**	(387)
	(1,394)	(1,025)
Underprovision in prior years:		
PRC EIT	**(258)**	—
Vietnam income tax	**(14)**	—
	(272)	—
Deferred taxation	**(320)**	(1,352)
	(1,986)	(2,377)

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

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

Pursuant to the relevant laws and regulations in the PRC, 珠海市澤濤黏合製品有限公司 (Centresin Chemical Products Ltd., Zhuhai) was entitled to exemption from PRC income tax for the two years commencing from its first profit-making year in 2008, followed by a 50% reduction from 2010 to 2012. The activities of Benino Corporation ("Benino") and Bracorp Consulting Inc. ("Bracorp") did not constitute a tax presence in the PRC and accordingly, were not subject to PRC EIT.

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

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

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

7. DIVIDENDS

During the year, the final dividend for 2011 of HK1.2 cents (2011: HK1.8 cents) per share, totalling HK$6,000,000 (2011: HK$9,000,000) was declared and paid to the shareholders.

The final dividend for 2012 of HK1.3 cents per share has been proposed by the directors and is subject to approval by the shareholders in the annual general meeting. The proposed final dividend of HK$6,500,000 is calculated on the basis of 500,000,000 shares in issue at the date of this announcement.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year is based on the consolidated profit attributable to the owners of the Company and on the number of 500,000,000 (2011: 500,000,000) shares in issue during the year.

No dilutive earnings per share is presented as there were no potential ordinary shares in issue during the year.

9. TRADE, BILLS AND OTHER RECEIVABLES

	2012 ***HK$'000***	2011 *HK$'000*
Trade receivables	**93,139**	88,549
Bills receivables	**4,366**	7,445
	97,505	95,994
Customs deposits	**13,251**	—
Value-added tax recoverable	**2,670**	4,440
Other receivables	**6,756**	2,507
Prepayments	**2,480**	4,736
Land use rights	**376**	364
	123,038	108,041

Payment terms with customers are mainly on credit. Invoices are normally payable 15 to 120 days (2011: 15 to 90 days) by the customers from date of issuance. The following is an aged analysis of trade and bills receivables based on the invoice date at the end of the reporting period:

	2012	2011
	HK$'000	*HK$'000*
Age		
0 to 30 days	**59,711**	40,303
31 to 60 days	**18,826**	40,940
61 to 90 days	**7,383**	8,508
91 to 180 days	**11,299**	6,243
181 to 365 days	**228**	—
Over 1 year	**58**	—
	97,505	95,994

At 30 September 2012, included in the Group's trade receivables balances are balances with aggregate carrying amount of HK$26,787,000 (2011: HK$16,015,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

10. TRADE, BILLS AND OTHER PAYABLES

	2012	2011
	HK$'000	*HK$'000*
Trade payables	**20,167**	39,200
Bills payable — secured	**2,127**	18,131
	22,294	57,331
Customers' deposits received	**176**	—
PRC business tax payable	**1,929**	979
Accruals	**5,406**	5,853
Others	**1,038**	2,442
	30,843	66,605

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

	2012	2011
	HK$'000	*HK$'000*
Age		
0 to 30 days	**16,861**	36,795
31 to 60 days	**3,514**	17,170
61 to 90 days	**1,008**	2,132
91 to 180 days	**911**	1,234
	22,294	57,331

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The Group's turnover for the year ended 30 September 2012 reached approximately HK$395,783,000 (2011: HK$373,554,000), representing an increase of 6.0% over the last year, despite the sales growth only recorded in some regions and selling prices of the products kept relatively steady. During the year, the Group recorded a gross profit of approximately HK$101,191,000 (2011: HK$82,308,000) and profit attributable to the owners of the Company amounted to approximately HK$25,487,000 (including net increase in fair value of investment properties of approximately HK$2,680,000), representing an increase of approximately 6.8% as compared to the corresponding period last year.

During the year, the Group recorded profit before taxation of approximately HK$27,473,000 (2011: HK$26,231,000), though the administrative expenses increased by HK$10,918,000, of which the wages and related expenses increased by approximately HK$7,715,000.

During the year, profit for the year attributable to the owners of the Company amounted to approximately HK$25,487,000 (2011: HK$23,854,000) and basic earnings per share was HK5.1 cents (2011: HK4.8 cents).

Business Review and Prospects

Businesses

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

Segment Information

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

Products

1. *Adhesives*

   During the year, the sales revenue attributable to this product category was approximately HK$205,026,000 (2011: HK$202,882,000), representing approximately 51.8% of the Group's total turnover.

2. *Primers*

   During the year, the sales revenue attributable to this product category was approximately HK$85,763,000 (2011: HK$85,097,000), representing approximately 21.7% of the Group's total turnover.

3. *Hardeners*

During the year, the sales revenue attributable to this product category was approximately HK$44,644,000 (2011: HK$48,353,000), representing approximately 11.3% of the Group's total turnover.

4. *Vulcanized shoes adhesive related products*

During the year, the sales revenue attributable to this product category was approximately HK$55,008,000 (2011: HK$33,964,000), representing approximately 13.9% of the Group's total turnover.

The vulcanized shoes adhesive related products have entered into the phase of stable and speedy growth. During the year, the sales revenue attributable to such products recorded an increase of approximately 62.0%. The Directors expected that such products will continue to be an important contributor to the growth in sales performance and earnings of the Group in the future.

Regional Information

1. *The PRC market*

During the year, by region, the turnover in the PRC market increased by 12.1% over the last year to approximately HK$217,290,000 (2011: HK$193,903,000), representing approximately 54.9% of the Group's total turnover. The Directors expected that the relevant market would continue to maintain a steady growth in the coming year.

2. *The Vietnamese market*

During the year, by region, the turnover in the Vietnamese market decreased by 5.6% over the last year to approximately HK$136,349,000 (2011: HK$144,514,000), representing approximately 34.5% of the Group's total turnover.

The impact of European debt crisis reduced the orders from customers. Accordingly, the sales in the Vietnamese market decreased as compared to the last year. However, the Directors expected that the relevant market would grow at a relative quicker pace in the coming year.

3. *The Indonesian market*

During the year, by region, the turnover in the Indonesian market increased by 34.6% over the last year to approximately HK$35,239,000 (2011: HK$26,172,000), representing approximately 8.9% of the Group's total turnover.

The turnover in the Indonesian market achieved an increase of 34.6%, mainly due to the fast growth period of the sale performance in Indonesia. The Directors expected that the relevant market would continue to maintain a rapid growth in the coming year.

4. *The Bangladeshi market*

During the year, by region, the turnover in the Bangladeshi market decreased by 23.0% over the last year to approximately HK$6,905,000 (2011: HK$8,965,000), representing approximately 1.7% of the Group's total turnover.

During the year, the turnover in the Bangladeshi market decreased, mainly due to the progress of foreign investments in footwear production plants in Bangladesh slower than expected. The Directors expected that the relevant market would maintain a steady growth in the coming year.

Production Facilities

1. *The Nansha Plant in Guangzhou:*

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

2. *The Zhuhai Plant:*

   As the Group's sales in the PRC market still remained upward, the management decided to execute the second phase expansion project on the land reserved for development in the existing Zhuhai Plant. The management believed that executing the second phase expansion project in the existing Zhuhai Plant was more cost-efficient than the current investment in the Nansha Plant in Guangzhou based on the changes in the PRC market. It is now entering into the preparation stage (including construction of plants, production facilities and warehouses) according to the plan.

3. *The Zhongshan Plant:*

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

4. *The Vietnamese Plant:*

   Given the orderly shift of the footwear manufacturing industry to the Southeast Asia as well as the necessity to satisfy market development in the future, the management decided to expand the existing scale of the Vietnamese Plant in the future. Apart from the existing old plant, we hired warehouses to make space for the installation of newly added production equipment to enhance its production capacity. The new plant is now entering into the preparation stage (including selection of appropriate industrial land, commencement of plant design and warehouses) according to the plan.

5. *The Bangladeshi Plant:*

   Due to the sluggish progress of the local construction, the project fell behind the expected timetable. The current products available in Bangladesh can also be directly exported from the Zhuhai Plant in China, the Vietnamese Plant and the Indonesian Plant to the local customers. The Group expected the construction and operation of the Bangladeshi Plant would be completed and commenced in the first half of 2013.

6. *The Indonesian Plant:*

   As the Indonesian market saw a rapid growth in its sales, the Group has established a branch in Indonesia, and has rent a parcel of industrial land along with its plants and office buildings. Scale production was formally launched by the end of June according to the plan, while the operation of existing bonded warehouses continues. The double-track operation is in place until the local production becomes successful. By then, the operation of bonded warehouses will be abolished.

Cost control

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

Research and Development

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

Prospects

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

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

Liquidity and Financial Resources and Capital Structure

For the year ended 30 September 2012, the Group's working capital requirement was principally financed by its internal resources and banking facilities.

As at 30 September 2012, the Group had cash and cash equivalents, net current assets and total assets less current liabilities of approximately HK$37,317,000 (2011: HK$39,433,000), approximately HK$116,398,000 (2011: HK$104,820,000) and approximately HK$209,670,000 (2011: HK$190,149,000) respectively.

As at 30 September 2012, the Group had total bank borrowings, on floating interest rates basis, of approximately HK$57,975,000 (2011: HK$55,216,000). All these utilised bank borrowings was short term and were secured by land use rights, land and buildings and investment properties held under medium-term leases.

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

Total equity attributable to owners of the Company as at 30 September 2012 increased by approximately HK$19,206,000 to approximately HK$205,617,000. The gearing ratio (calculated as the ratio of total borrowings : total assets) of the Group as at 30 September 2012 was approximately 0.19 (2011: 0.18).

Significant Investments

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

Acquisition and Disposal of Subsidiaries and Associated Companies

Save as disclosed elsewhere under the section headed "Management Discussion and Analysis", the Group had no other material acquisition and disposal of subsidiaries and affiliated companies during the year.

Employee Information

As at 30 September 2012, the Group employed a total of 356 (2011: 321) employees. It is the policy of the Group to provide and regularly review its employees' pay levels, performance bonus system and other fringe benefits (including social insurance coverage and company sponsored training) regularly to ensure that the remuneration policy is competitive within the relevant industry. During the year, the staff cost (including Directors' emoluments) amounted to approximately HK$43,112,000 (2011: HK$34,821,000).

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

Charges on Group Assets

As at 30 September 2012, certain interests in land use rights, land and buildings and investment properties held under medium-term leases of approximately HK$38,328,000 (2011: HK$36,575,000) were pledged to banks for bank borrowings totalling approximately HK$57,975,000 (2011: HK$55,216,000) granted to the Group.

Future Plans for Material Investments and Expected Sources of Funding

On 11 October 2012, the Group entered into an agreement to acquire the entire equity interest in Rank Best Investment Limited together with its subsidiaries (collectively, the "Rank Best Group") from Ieong Un ("Mr. Ieong"), the chairman of the Board and the controlling shareholder of the Company. The Rank Best Group is principally engaged in the trading of electronic adhesives used in the production of electronic products. The acquisition of the Rank Best Group has not yet completed. Since the above transaction constitutes a connected transaction of the Company, the percentage ratios were more than 5% but less than 25% and the consideration exceeds HK$10,000,000, the transaction is subject to the reporting, announcement requirements and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Details of the transaction have been published on the Company's announcement and circular dated 11 October 2012 and 10 December 2012 respectively.

Save as discussed elsewhere under the section headed "Management Discussion and Analysis", the Group had no future plans for material investments as at the date of this announcement.

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

Exposure to Fluctuations in Exchange Rates

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

Capital Commitments

As at 30 September 2012, the Group had capital commitments of approximately HK$40,493,000 (2011: HK$36,291,000) in respect of the acquisition of property, plant and equipment.

Contingent Liabilities

Save as discussed elsewhere under the section headed "Management Discussion and Analysis", the Group did not have any material contingent liabilities as at 30 September 2012.

USE OF PROCEEDS

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

The proposed use of proceeds as disclosed in the announcement dated 20 December 2011 (after deducting the shortfall of HK$5 million financed by bank loan or internal resources)	**The actual use of proceeds as at the date of this announcement**
• Approximately HK$24.2 million for the expansion of the production capacity in PRC	• Approximately HK$8.1 million was used
• Approximately HK$16.3 million for the expansion of the production capacity in Vietnam	• Approximately HK$2.2 million was used
• Approximately HK$5.3 million for the expansion of the production capacity in Bangladesh	• Approximately HK$3.9 million was used
• Approximately HK$1.3 million for the investment in research and development team	• Approximately HK$1.3 million was used
• Approximately HK$1.9 million for the expansion of the marketing and technical service team	• Approximately HK$1.9 million was used

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

DIVIDENDS

The Board of Directors recommend the payment of a final dividend of HK1.3 cents per share for the year ended 30 September 2012 subject to the approval of the shareholders at the forthcoming annual general meeting.

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

During the year ended 30 September 2012 and up to the date of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct for Directors in their dealings in the Company's securities. Having made specific enquiry to all the Directors of the Company, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code for the year ended 30 September 2012.

CODE ON CORPORATE GOVERNANCE PRACTICE

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (effective until 31 March 2012) during the period from 1 October 2011 to 31 March 2012 and the Corporate Governance Code (effective from 1 April 2012) during the period from 1 April 2012 to 31 September 2012 (the "CG Code") contained in Appendix 14 to the Listing Rules, save for the deviation discussed below:

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

AUDIT COMMITTEE

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

The audit committee is primarily responsible for the review and supervision of the Group's financial reporting process and internal control system. It has met with the external auditors of the Group to review the accounting principles and practices adopted by the Company and the audited annual financial statements of the Group for the year ended 30 September 2012.

PUBLICATION OF THE AUDITED ANNUAL RESULTS AND ANNUAL REPORT

In accordance with the requirements under the Listing Rules, the 2012 Annual Report containing all the Company's information set out in this announcement including the audited financial results for the year ended 30 September 2012 will be posted on the Company's website (www.infinitychemical.com) and the website of the Stock Exchange (www.hkex.com.hk) in due course.

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

Hong Kong, 28 December 2012

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