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Corporate Information

DIRECTORS

Executive Directors

Mr. Jeong Un
(Chairman and Chief Executive Officer)
Mr. Ip Chin Wing
Mr. Ip Ka Lun
Mr. Stephen Graham Prince

Independent Non-executive Directors

Mr. Chan Wing Yau George
Mr. Ho Gilbert Chi Hang
Mr. Poon Yick Pang Philip

AUDIT COMMITTEE

Mr. Poon Yick Pang Philip *(Chairman)*
Mr. Chan Wing Yau George
Mr. Ho Gilbert Chi Hang

REMUNERATION COMMITTEE

Mr. Chan Wing Yau George *(Chairman)*
Mr. Poon Yick Pang Philip
Mr. Ho Gilbert Chi Hang
Mr. Ip Ka Lun

COMPANY SECRETARY

Mr. Li Chi Chung

AUTHORISED REPRESENTATIVES

Mr. Ip Chin Wing
Mr. Ip Ka Lun

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F One Pacific Place
88 Queensway
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive, PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 306, 3/F, Printing House
6 Duddell Street
Central
Hong Kong

HEAD OFFICE OF THE GROUP

Rua de Pequim No. 202A-246
Macau Finance Centre
16 Andar A-D, Macau

COMPLIANCE ADVISOR

SinoPac Securities (Asia) Limited
21/F One Peking
1 Peking Road
Tsim Sha Tsui
Kowloon, Hong Kong

LEGAL ADVISOR

Michael Li & Co
14/F, Printing House
6 Duddell Street
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
Grand Cayman KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

Banco Tai Fung, S.A.R.L., Macau
Banco Nacional Ultramarino, S.A., Macau
The Bank of East Asia, Ltd, Macau
Banco Delta Asia, S.A.R.L., Macau
The Hongkong and Shanghai Banking
Corporation Limited, Macau
Bank of China Limited, Zhuhai
Industrial and Commercial Bank of Vietnam

CORPORATE WEBSITE

www.infinitychemical.com

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited

STOCK CODE: 00640

Management Discussion and Analysis

CORPORATE STRATEGY AND FUTURE PROSPECTS

Launched in 2010, the vulcanized shoes adhesive related products have been favourably received by customers, accounting for approximately HK\$13,370,000 or 8.4% of the total turnover of the Group for the six months ended 31 March 2011.

Driven by the international oil prices and buoyant prices of major raw materials, the Group was forced to shift the rising cost burden to our customers by raising selling prices. As a result, the impact of higher product prices in the current period was gradually reflected in the sales of various types of products.

In view of the emerging bases of shoe-making adhesive industry in Asia, we established distribution channels through bonded warehouses in Indonesia last year with robust sales in the current period. Having formed a foreign-owned limited liability company in January 2011, the Group will set up workshops and warehouses to facilitate the expansion in shoe industry and sales as soon as possible. For Bangladesh, the construction of manufacturing plants is close to completion. Both countries will serve as growth engines for the Group's business.

To alleviate pressure of price increases in the short term and temporarily shortage of certain raw materials subsequent to the Japan tsunami, the Group stocked up more raw materials at the end of this period. The Group confirmed that, as of this date, the current radiation crisis has no material effect on its operation. On the contrary, the Japan tsunami brings new business opportunities to the Group. As some of the Japanese chemical plants close down after the earthquakes, there is a lack of chemical raw materials in the country. The variety of the Group's adhesive exports and their amounts to Japan have been broadened and increased accordingly. We expect the export business to Japan will contribute growth in the Group's revenue and profit.

Having completed the foundations, the new plant construction at Nansha, Guangzhou is awaiting relevant approvals and licenses for erecting workshops, warehouses and office facilities thereon and installing pipelines between raw material storage tanks and production facilities. Trial production is expected to commence at the end of the year.

Despite the higher fixed costs and operating expenses in the current period, the Group's results were significantly enlightened by the absence of any listing expenses during this period.

Faced with the oncoming challenges of unfavourable operating costs arising from rising raw material prices, interest rates and RMB exchange rates, the Group will adopt measures to bolster its research and development capabilities, procure low-cost substitutes of raw materials, expand production capabilities, enhance quality of sales services to sustain customer relationships and strive to enlarge its customer base. The Group is full of confidence to bring fruitful returns for its shareholders.

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

Income

	Six months ended 31 March		2010		Increase/Decrease	
	2011		2010			
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Products						
vulcanized shoes adhesive related						
products	13,370	8.4	2,947	2.4	10,423	353.7
adhesives	90,888	56.9	66,668	54.4	24,220	36.3
primers	32,042	20.0	33,486	27.3	(1,444)	(4.3)
hardeners	22,694	14.2	18,822	15.4	3,872	20.6
others	765	0.5	561	0.5	204	36.4
	159,759	100.0	122,484	100.0	37,275	30.4

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

	Six months ended 31 March		2010		Increase/Decrease	
	2011		2010			
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Sales regions						
PRC	80,650	50.5	71,911	58.7	8,739	12.2
Vietnam	67,199	42.1	50,573	41.3	16,626	32.9
Indonesia	9,550	6.0	—	—	9,550	100.0
Bangladesh	2,360	1.5	—	—	2,360	100.0
	159,759	100.0	122,484	100.0	37,275	30.4

FINANCIAL REVIEW

Turnover

During the period, turnover amounted to HK\$159,759,000, representing an increase of approximately HK\$37,275,000 or 30.4% over the corresponding period in 2010.

Gross profit

Gross profit amounted to HK\$34,581,000, representing an increase of approximately HK\$4,126,000 or 13.5% over the corresponding period in 2010. Overall margin declined from 24.9% for the six months ended 31 March 2010 to 21.6% for the six months ended 31 March 2011. The decline in gross margin was attributable to the continuous rise in raw material costs, having regard to the difficulties in shifting cost increases to customers in the current circumstances.

Other income

Other income increased by approximately HK\$1,190,000 or 185.1% to HK\$1,833,000 for the six months ended 31 March 2011 over the corresponding period in 2010. The increase was mainly due to the HK\$700,000 subsidy from the Science and Technology Development Fund of the Macao Special Administrative Region and rental income from subletting of additional floor areas of the Guangzhou office.

Selling and distribution costs

Selling and distribution costs increased to HK\$7,770,000 for the six months ended 31 March 2011, representing an increase of approximately 62.6% over the corresponding period in 2010, which was attributable to the marketing and promotion expenses incurred on our newly launched vulcanized shoes adhesives related products, new sales teams in the emerging shoe production bases of Indonesia and Bangladesh and marketing activities with new customers outside the Guangdong Province. Besides, goods exported from the PRC to Vietnam accounted for the increase in customs and freight by HK\$905,000 or 114.50% over the corresponding period of last year. Domestic transport costs also increased because of higher sales.

Administrative expenses

Administrative expenses increased by approximately 87.4% to HK\$21,969,000 for the six months ended 31 March 2011 over the corresponding period in 2010, which was due to higher salaries and administrative expenses in recruiting new staffs for the new plant in Nansha, Guangzhou as well as additional employees in Indonesia and Bangladesh.

Moreover, we engaged additional consultants for research and development in new products and technical improvements. Facing cutting edge materials for shoes, we also continuously search for new alternatives to lower production costs and boost gross profits. In addition, new professional expenses in advisory, audit, tax, legal and consultancy were incurred subsequent to the listing.

Interest on bank borrowings wholly repayable within five years (“financial costs”)

Financial costs decreased by approximately 19.1% to HK\$653,000 for the six months ended 31 March 2011 over the corresponding period in 2010, which was attributable to lower bank loans and overdrafts as a result of higher liquidity.

Profit for the period

Profit for the period amounted to HK\$4,147,000, an increase of approximately HK\$620,000 or 17.6% over the corresponding period in 2010.

Capital commitments

As at 31 March 2011, the Group had capital commitments of approximately HK\$39,752,000 (HK\$40,673,000 as at 30 September 2010) all of which were related to acquisition of property, plant and equipment.

Pledge of assets

As at 31 March 2011, the Group has pledged certain of its land and buildings with an aggregate carrying value of HK\$28,490,000 and fixed deposits HK\$17,672,000 to certain banks in Macau and the PRC to secure the credit facilities granted to the Group.

Contingent liabilities

As at 31 March 2011 and 30 September 2010, the Group did not have any material contingent liabilities.

Cash flow and financial resources

During the period, the Group’s financial resources are funds generated from operating activities and cash derived from the listing in August 2010. The Group’s working capital continued to remain stable.

	As at 31 March 2011 (unaudited) HK\$’000	As at 30 September 2010 (audited) HK\$’000
Cash and cash equivalents	26,128	23,829
Net current assets	93,690	102,922
Current ratio	2.2	2.6
Quick ratio	1.4	1.9
Gearing ratio (total borrowings/equity)	16.9%	10.1%

Financial management and treasury policy

As at 31 March 2011, the Group had bank borrowings of approximately HK\$21,628,000 (of which, approximately HK\$4,066,000 was denominated in HK dollars, approximately HK\$5,937,000 in Renminbi and approximately HK\$11,625,000 in US Dollars) bearing interest at rates ranging from approximately 3.5% to 6.6% per annum.

The Group adopts a conservative approach for cash management and investments of uncommitted funds. Under-utilised net proceeds from the listing have been placed on short-term deposits with authorized financial institutions in the PRC and Macau to relieve the burden from bank loans and overdrafts. During the period, the Group's receipts were mainly denominated in US dollars and Hong Kong dollars and payments were mainly made in US dollars and RMB.

In respect of the RMB, as the Group's production plants are principally in the PRC, including Zhuhai, Zhongshan and Nansha (under construction), most of our labour costs, manufacturing overheads, selling and administrative expenses were denominated in RMB. Accordingly, the appreciation of RMB will adversely affect the Group's profitability. The Group will closely monitor the trend of RMB and take appropriate measure to deal with the RMB exposure.

Listing expense and use of proceeds

Net proceeds received from the listing were approximately HK\$49,000,000. Shortfalls for the planned usages will be funded by bank loans and internal resources.

The usages of net proceeds as at 31 March 2011 are as follows:

Projects	Planned amount	Utilised amount
	HK\$'000	HK\$'000
Plant in Nansha, the PRC	35,000	(3,770)
Plant in Vietnam	5,500	—
Plant in Bangladesh	5,500	(3,100)
Investments in research and development team	5,000	(1,449)
Expansion of marketing and technical service team	5,000	(968)
General working capital	6,300	(6,300)
	62,300	(15,587)

Human Resources and Remuneration Policy

As at 31 March 2011, the Group employed a total of 319 full-time staff in Macau, China, Vietnam, Indonesia and Bangladesh. The Group's remuneration policy is set up by the Remuneration Committee on the basis of our employees' merit, qualifications and competence, while the detailed remuneration packages for employees are determined by the management based on their performance.

Material Acquisitions and Disposals

There was no acquisition or disposals of subsidiaries or associated companies by the Group during the six months period ended 31 March 2011.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 31 March 2011 (six months ended 31 March 2010: Nil).

On behalf of the Board

Jeong Un

Chairman

Hong Kong, 27 May 2011

Other Information

SUBSTANTIAL SHAREHOLDERS

Directors' and Chief Executive' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 31 March 2011 and the date of this interim report, the interests and short positions of the Directors and the Chief Executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") are as follows:

(i) Interests in the Company

Name of Director	Capacity	Number of Shares held	Position	Percentage of shareholding
Mr. Jeong Un (note)	Interest in controlled corporation	337,500,000	Long	67.50%

Note: These Shares are held by All Reach Investments Limited ("All Reach"), the entire issued share capital of which is wholly and beneficially owned by Mr. Jeong. By virtue of the SFO, Mr. Jeong is deemed to be interested in the entire 337,500,000 Shares held by All Reach.

(ii) Interests in associated corporation

Number of Associated corporation	Name of Director	Capacity	Position	Number of shares in the associated corporation	Percentage of shareholding in the associated corporation
All Reach	Mr. Jeong Un	Beneficial owner	Long	100	100%

Save as disclosed above, as at the date of this interim report, none of the Directors and Chief Executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests of Substantial Shareholders

So far as is known to the Company, as at the date of this interim report, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than any Director or the Chief Executive of the Company, were the substantial shareholders (within the meaning of the Listing Rules) of the Company and had the following interests in the shares and underlying shares of the Company:

Name of shareholder	Capacity	Number of Shares	Position	Percentage of shareholding
All Reach (note 1)	Beneficial owner	337,500,000	Long	67.5%
Ms. Chan Sut Kuan (note 2)	Interest of spouse	337,500,000	Long	67.5%
Raffles Partners	Beneficial owner	37,500,000	Long	7.5%
Mr. Tang Tsz Kit (note 3)	Interest in controlled corporation	37,500,000	Long	7.5%
Bofanti Limited (note 4)	Beneficial owner	25,000,000	Long	5.0%
Pyrope Assets Limited (note 4)	Interest in controlled corporation	25,000,000	Long	5.0%
CK Life Sciences Int'l, (Holdings) Inc. (notes 4 & 5)	Interest in controlled corporation	25,000,000	Long	5.0%
Gold Rainbow Int'l Limited (notes 4 & 5)	Interest in controlled corporation	25,000,000	Long	5.0%
Gotak Limited (notes 4 & 5)	Interest in controlled corporation	25,000,000	Long	5.0%
Cheung Kong (Holdings) Limited (notes 4 & 5)	Interest in controlled corporation	25,000,000	Long	5.0%
Li Ka-Shing Unity Trustee Company Limited (note 6)	Trustee	25,000,000	Long	5.0%
Li Ka-Shing Unity Trustee Corporation Limited (note 6)	Trustee and beneficiary of a trust	25,000,000	Long	5.0%
Li Ka-Shing Trustcorp Limited (note 6)	Trustee and beneficiary of a trust	25,000,000	Long	5.0%
Mr. Li Ka-Shing (note 7)	Interest of controlled corporation and founder of discretionary trust	25,000,000	Long	5.0%

Other Information

Notes:

1. The entire issued share capital of All Reach is wholly and beneficially owned by Mr. Jeong. By virtue of the SFO, Mr. Jeong, an executive Director, is deemed to be interested in the entire 337,500,000 Shares held by All Reach.
2. Ms. Chan Sut Kuan, the spouse of Mr. Jeong, is deemed to be interested in the 337,500,000 Shares owned by All Reach under the SFO, a company incorporated in the British Virgin Islands and the entire issued share capital of which is beneficially owned by Mr. Jeong.
3. The entire issued share capital of Raffles Partners is wholly and beneficially owned by Mr. Tang Tsz Kit. By virtue of the SFO, Mr. Tang Tsz Kit is deemed to be interested in the entire 37,500,000 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 the Cayman Islands and 45.31% of its entire issued 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 Limited 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. 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. As Mr. Li Ka-Shing owns one-third of the issued share capital of Li Ka-Shing Unity Holdings Limited which in turn holds the entire issued share capital of TUT, TDT1 and TDT2 and is the settlor and may be regarded as a founder of each of DT1 and DT2 for the purpose of the SFO, Mr. Li Ka-Shing is deemed to be interested in the same number of shares in which Cheung Kong (Holdings) Limited is deemed to be interested as mentioned above under the SFO.

MATERIAL LITIGATION

As at 31 March 2011, the Group had no material litigation or arbitration pending (as at 31 March 2010: Nil).

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 31 March 2011.

AUDIT COMMITTEE

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

The Company's external auditor, Deloitte Touche Tohmatsu, has conducted a review of the interim financial information of the Group for the six months ended 31 March 2011 in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

SHARE OPTION SCHEME

No option has been granted under the Share Option Scheme since its adoption on 22 July 2010 and up to the date of this interim report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Directors confirmed that the Company had maintained a sufficient public float as required under the Listing Rules throughout the six months ended 31 March 2011.

DISCLOSURE OF INFORMATION

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

Report on Review of Interim Financial Information



TO THE BOARD OF DIRECTORS OF INFINITY CHEMICAL HOLDINGS COMPANY LIMITED

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 16 to 32, which comprises the condensed consolidated statement of financial position of Infinity Chemical Holdings Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 31 March 2011 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period ended 31 March 2010 and the relevant explanatory notes disclosed in the interim financial information have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

27 May 2011

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 March 2011

	NOTES	Six months ended 31 March	
		2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)
Turnover	4	159,759	122,484
Cost of goods sold		(125,178)	(92,029)
Gross profit		34,581	30,455
Other income		1,833	643
Changes in fair value of investment properties		—	320
Selling and distribution costs		(7,770)	(4,779)
Administrative expenses		(21,969)	(11,723)
Exchange (loss) gain		(1,516)	173
Listing expenses		—	(10,507)
Interest on bank borrowings wholly repayable within five years		(653)	(807)
Profit before taxation	5	4,506	3,775
Taxation	6	(359)	(248)
Profit for the period		4,147	3,527
Other comprehensive income — exchange differences arising on translation of foreign operations		1,490	982
Total comprehensive income for the period		5,637	4,509
Earnings per share — Basic	8	HK0.83 cent	HK0.94 cent

Condensed Consolidated Statement of Financial Position

At 31 March 2011

	NOTES	31.3.2011 HK\$'000 (unaudited)	30.9.2010 HK\$'000 (audited)
Non-current assets			
Investment properties	9	12,320	12,320
Property, plant and equipment	10	36,474	31,924
Land use rights		18,793	18,670
Deposits made on acquisition of property, plant and equipment		3,586	3,688
Club debentures	11	1,444	—
		72,617	66,602
Current assets			
Inventories		64,991	42,616
Trade and other receivables	12	65,726	81,439
Pledged/restricted bank deposits		17,672	19,511
Bank balances and cash		26,128	23,829
		174,517	167,395
Current liabilities			
Trade and other payables	13	52,510	47,045
Taxation		579	511
Current portion of secured long-term bank loans	14	4,063	5,037
Secured short-term bank loans	14	17,565	11,878
Bank overdrafts — secured	14	6,110	2
		80,827	64,473
Net current assets		93,690	102,922
Total assets less current liabilities		166,307	169,524

Condensed Consolidated Statement of Financial Position

At 31 March 2011

	NOTES	31.3.2011 HK\$'000 (unaudited)	30.9.2010 HK\$'000 (audited)
Non-current liabilities			
Deferred taxation		2,436	2,290
Net assets		163,871	167,234
Capital and reserves			
Share capital	15	5,000	5,000
Reserves		158,871	162,234
Total equity		163,871	167,234

The condensed consolidated financial information on pages 16 to 32 was approved and authorised for issue by the Board of Directors on 27 May 2011 and is signed on its behalf by:

IP CHIN WING
EXECUTIVE DIRECTOR

IP KA LUN
EXECUTIVE DIRECTOR

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 March 2011

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Translation reserve HK\$'000	Legal reserve HK\$'000	Statutory surplus reserve fund HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 October 2010	5,000	63,546	884	5,985	459	1,814	89,546	167,234
Profit for the period	—	—	—	—	—	—	4,147	4,147
Exchange differences arising on translation of foreign operations	—	—	—	1,490	—	—	—	1,490
Total comprehensive income for the period	—	—	—	1,490	—	—	4,147	5,637
Dividends recognised as distribution	—	—	—	—	—	—	(9,000)	(9,000)
At 31 March 2011 (unaudited)	5,000	63,546	884	7,475	459	1,814	84,693	163,871
At 1 October 2009	16	—	868	5,000	437	—	110,317	116,638
Profit for the period	—	—	—	—	—	—	3,527	3,527
Exchange differences arising on translation of foreign operations	—	—	—	982	—	—	—	982
Total comprehensive income for the period	—	—	—	982	—	—	3,527	4,509
Transfer upon the group reorganisation	(16)	—	16	—	—	—	—	—
Dividends recognised as distribution	—	—	—	—	—	—	(35,000)	(35,000)
	(16)	—	16	—	—	—	(35,000)	(35,000)
Transfers	—	—	—	—	—	1,814	(1,814)	—
At 31 March 2010 (unaudited)	—	—	884	5,982	437	1,814	77,030	86,147

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 March 2011

The special reserve represents the differences between the nominal amount of the shares issued by the Company and the Group's former holding company, Keen Castle Limited, and the aggregate amount of paid-in capital of the subsidiaries acquired pursuant to the group reorganisation in June 2009 and March 2010 in preparation for the listing of the Company's shares in 2010.

In accordance with the provisions of the Macau Commercial Code issued by the government of Macau Special Administrative Region, Mainland China ("Macau"), the Macau subsidiaries of the Company are required to transfer from their annual net profit at a minimum rate of 25% to a legal reserve before the appropriation of profits to dividend until the legal reserve reaches 50% of the respective subsidiaries' registered capital. The legal reserve is not distributable to shareholders.

As stipulated by the relevant laws and regulations for foreign investment enterprises in Mainland China (the "PRC"), the Company's PRC subsidiaries are required to maintain a statutory surplus reserve fund. Appropriation to such reserve is made out of net profit after taxation as reflected in the statutory financial statements of the PRC subsidiaries in accordance with relevant laws and regulations applicable to PRC enterprises. The statutory surplus reserve fund can be used to make up prior year losses, if any, and can be applied in conversion into capital by means of capitalisation issue.

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 March 2011

	Six months ended 31 March	
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)
Net cash from operating activities	7,438	48,516
Investing activities		
Interest received	81	32
Purchase of property, plant and equipment	(5,385)	(3,941)
Purchase of land use rights	—	(15,673)
Deposits paid on acquisition of property, plant and equipment	(897)	—
Purchase of club debentures	(1,444)	—
Advances made to a director	—	(15,495)
Pledged/restricted bank deposits placed	1,837	25
Net cash used in investing activities	(5,808)	(35,052)
Financing activities		
Interest paid	(653)	(807)
Dividends paid	(9,000)	(35,000)
Bank loans raised	11,466	29,129
Repayment of bank loans	(7,104)	(12,958)
Net cash used in financing activities	(5,291)	(19,636)
Net decrease in cash and cash equivalents	(3,661)	(6,172)
Cash and cash equivalents at 1 October	23,827	2,592
Effect of foreign exchange rate changes	(148)	(127)
Cash and cash equivalents at 31 March	20,018	(3,707)
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	26,128	11,778
Bank overdrafts	(6,110)	(15,485)
	20,018	(3,707)

Notes to the Condensed Consolidated Financial Information

For the six months ended 31 March 2011

1. GENERAL

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

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

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

2. GROUP REORGANISATION AND BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

- (a) Prior to 10 June 2009, the business of the Group carried out by Iao Son Hong Tinta e Vernizes, Limitada (“ISH”), Benino Corporation (“Benino”), Bracorp Consulting Inc. (“Bracorp”) and Great Oasis International Limited (“Great Oasis”) were under common control by the controlling shareholder, Mr. Jeong Un (“Mr. Jeong”) jointly with his wife, Ms. Chan Sut Kuan (the “Controlling Shareholder”).
- (b) Pursuant to a share transfer agreements dated 10 June 2009 and supplementary agreement dated 30 December 2009, Keen Castle Limited (“Keen Castle”), also controlled by the Controlling Shareholder, acquired the entire beneficial interests in ISH, Benino, Bracorp and Great Oasis from the Controlling Shareholder by means of a share exchange where an aggregate of 1,000 shares of Keen Castle were issued to the Controlling Shareholder at par for US\$1 each.
- (c) Pursuant to a sales and purchase agreement dated 26 March 2010, the Company acquired the entire equity interests of Keen Castle by issuing and allotting a total of 1,999 shares of HK\$0.01 each to the then existing shareholders of Keen Castle or its nominee. Thereafter, the Company has become the holding company of the Group since 26 March 2010.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)

The Group resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the condensed consolidated statement of comprehensive income and cash flows for the six months ended 31 March 2010 include the results and cash flows of the companies now comprising the Group which have been prepared by applying the principles of merger accounting, as if the group structure upon the completion of the Group Reorganisation had been in existence throughout the six months ended 31 March 2010, or since their respective dates of incorporation/establishment where this is a shorter period.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30 September 2010.

In the current interim period, the Group has applied, for the first time, a number of new amendments issued by the HKICPA. The application of these new amendments has no material impact on the results and the financial position of the Group.

The Group has not early applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. 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 of the Company anticipate that the application of the new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

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 reports prepared in accordance with accounting policies conform to Hong Kong Financial Reporting Standards, that are regularly reviewed by the management of the Company. The management 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 management of the Company reviews the overall results of the Group as a whole to make decisions about resources allocation. Accordingly, no analysis of his single operating segment is presented.

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

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

	Six months ended 31 March	
	2011	2010
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Vulcanized shoes adhesive related products	13,370	2,947
Other adhesives	90,888	66,668
Primers	32,042	33,486
Hardeners	22,694	18,822
Others	765	561
	159,759	122,484

4. TURNOVER AND SEGMENT INFORMATION (Continued)

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

	Six months ended 31 March	
	2011	2010
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Mainland China (the "PRC")	80,650	71,911
Vietnam	67,199	50,573
Indonesia	9,550	—
Bangladesh	2,360	—
	159,759	122,484

For the six months ended 31 March 2011, there was a customer with revenue of HK\$55,366,000 (six months ended 31 March 2010: HK\$38,265,000) accounted for more than 10% of the Group's total revenue.

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

	At	At
	31 March	30 September
	2011	2010
	HK\$'000	HK\$'000
	(unaudited)	(audited)
PRC	65,961	61,942
Vietnam	2,163	2,183
Bangladesh	4,461	2,477
Indonesia	32	—
	72,617	66,602

5. PROFIT BEFORE TAXATION

	Six months ended 31 March	
	2011	2010
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging:		
Allowance for doubtful debts	182	—
Amortisation of land use rights	179	40
Depreciation	2,521	1,847
Write-off of property, plant and equipment	13	—
and after crediting:		
Gross property rental income before deduction of outgoings	660	598
Less: Outgoings	(134)	(133)
	526	465
Interest income	81	32

6. TAXATION

	Six months ended 31 March	
	2011	2010
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
The charge comprises:		
PRC Enterprise Income Tax ("EIT")	(252)	—
Deferred taxation	(107)	(248)
	(359)	(248)

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

6. TAXATION (Continued)

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

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

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

No provision for Macau complementary tax has been made as the Group had no assessable profits for both periods.

7. DIVIDENDS

During the six months ended 31 March 2011, a final dividend of HK1.8 cent per share, totalling HK\$9,000,000 was declared and paid to the shareholders.

On 19 March 2010, Benino and Bracorp declared a special dividend of HK\$35 million in aggregate to their then shareholder, Mr. Jeong, whose name appeared on the registers of members of the respective company on 9 June 2009. This special dividend was paid in full prior to the listing of the shares of the Company on the Stock Exchange.

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

8. EARNINGS PER SHARE

The calculation of the basic earnings per share for the period is based on the condensed consolidated profit attributable to the owners of the Company and on the weighted average number of 500,000,000 shares in issue during the period (six months ended 31 March 2010: 375,000,000 shares in issue during the period on the assumption that the Group Reorganisation and the capitalisation issue as detailed in note 15 had been effective on 1 October 2009).

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

9. INVESTMENT PROPERTIES

The directors of the Company consider that the carrying value and the fair value of investment properties at 31 March 2011 do not differ significantly from that which would be determined using fair value at the reporting date.

10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred HK\$6,401,000 (six months ended 31 March 2010: HK\$3,941,000) on the acquisition of property, plant and equipment to expand and upgrade its facilities.

11. CLUB DEBENTURES

During the period, the Group acquired certain club debentures for an aggregate amount of HK\$1,444,000 from a related company in which certain directors, Mr. Jeong, Mr. Ip Chin Wing and Mr. Ip Ka Lun, have beneficial interests. The club debentures have indefinite life and are measured at cost less accumulated impairment losses, if any, at the end of the reporting period.

12. TRADE AND OTHER RECEIVABLES

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

	At 31 March	At 30 September
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (audited)
Age		
0 to 30 days	28,856	30,910
31 to 60 days	21,549	31,983
61 to 90 days	4,280	7,760
91 to 180 days	2,128	871
	56,813	71,524

13. TRADE AND OTHER PAYABLES

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

	At 31 March	At 30 September
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (audited)
Age		
0 to 30 days	29,894	20,922
31 to 60 days	11,311	14,567
61 to 90 days	4,541	2,535
91 to 180 days	1,365	66
	47,111	38,090

14. BANK LOANS/BANK OVERDRAFTS

During the period, the Group obtained new bank loans of HK\$11,466,000 (30 September 2010: HK\$29,129,000).

The bank loans carry variable interests at the best lending rate in Macau, Hong Kong Interbank Borrowing Rate, or London Interbank Borrowing Rate.

At 31 March 2011, bank overdrafts carry interest at market rate ranged from 4.75% to 5.75% (30 September 2010: 5.6%) per annum.

15. SHARE CAPITAL

The movements of share capital of the Company are as follows:

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each:		
Authorised		
— on 15 December 2009 (date of incorporation)	38,000,000	380
— increased in authorised share capital	4,962,000,000	49,620
— at 31 March 2010, 30 September 2010 and 31 March 2011	5,000,000,000	50,000
Issued and fully paid		
— issue of shares on 15 December 2009 (date of incorporation)	1	—
— issue of shares upon the Group Reorganisation on 26 March 2010	1,999	—
— at 31 March 2010	2,000	—
— capitalisation issue	374,998,000	3,750
— placing and public issue of shares	125,000,000	1,250
— at 30 September 2010 and 31 March 2011	500,000,000	5,000

The Company was incorporated and registered as an exempted company in the Cayman Islands on 15 December 2009 with an authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. Upon incorporation of the Company, one share of HK\$0.01 was issued at nil paid.

15. SHARE CAPITAL (Continued)

Pursuant to the shareholders' resolutions which were passed to approve the matters set out in the paragraph headed "Written resolutions of all shareholders" in Appendix V to the Company's prospectus dated 29 July 2010:

- (i) the authorised share capital of the Company was increased from HK\$380,000 to HK\$50,000,000 by the creation of an additional 4,962,000,000 shares of HK\$0.01 each to rank pari passu with the existing shares in all respects; and
- (ii) the share premium account was credited as a result of the issue of the shares by the Company pursuant to the listing of the Company's shares, an amount of HK\$3,749,980 which was then be standing to the credit of the share premium account of the Company be capitalised and applied to pay up in full at par a total of 374,998,000 shares of HK\$0.01 each for allotment and issue to holders of shares whose names appeared on the register of members of the Company at the close of business on 26 March 2010 in proportion.

On 12 August 2010, 125,000,000 ordinary shares of HK\$0.01 each of the Company were issued at HK\$0.60 per share by way of public offering. On the same date, the Company's shares were listed on the Main Board of the Stock Exchange.

All the shares issued during the period rank pari passu with the then existing shares in all respects.

16. OPERATING LEASE ARRANGEMENTS**The Group as lessee**

At the end of the reporting period, the Group was committed to make the following future minimum lease payments under non-cancellable operating leases which fall due as follows:

	Rented premises	
	At 31 March 2011 HK\$'000 (unaudited)	At 30 September 2010 HK\$'000 (audited)
Within one year	1,767	1,914
In the second to fifth year inclusive	3,525	3,813
After five years	3,272	3,479
	8,564	9,206

16. OPERATING LEASE ARRANGEMENTS (Continued)**The Group as lessee (Continued)**

	Motor vehicles	
	At 31 March 2011 HK\$'000 (unaudited)	At 30 September 2010 HK\$'000 (audited)
Within one year	1,189	135
In the second to fifth year inclusive	85	—
	1,274	135

Leases are negotiated and rentals are fixed originally for lease terms of one to thirty years.

At 31 March 2011, operating lease rentals for rented premises in above included commitment to Mr. Jeong of HK\$2,090,000 (30 September 2010: HK\$1,995,000).

The Group as lessor

	At 31 March 2011 HK\$'000 (unaudited)	At 30 September 2010 HK\$'000 (audited)
	Within one year	1,128
In the second to fifth year inclusive	852	433
	1,980	1,368

The respective investment properties have committed tenants for lease terms principally ranged from one to four years.

At 31 March 2011, operating lease rental income in above included commitment to companies in which Mr. Jeong has beneficial interests of HK\$130,000 (30 September 2010: HK\$122,000).

17. CAPITAL COMMITMENTS

	At 31 March 2011 HK\$'000 (unaudited)	At 30 September 2010 HK\$'000 (audited)
Capital expenditure authorised but not contracted for in respect of the acquisition of property, plant and equipment	33,572	34,478
Capital expenditure contracted for but not provided in the financial information in respect of the acquisition of property, plant and equipment	6,180	6,195

18. RELATED PARTY TRANSACTIONS

During the period and save as disclosed in note 11, the Group has the following significant related party transactions with Mr. Jeong or companies in which Mr. Jeong has beneficial interests:

	Six months ended 31 March	
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)
Property rental expenses paid	562	155
Property rental income received	28	—

Compensation of key management personnel

During the period, the remuneration of directors and other members of key management personnel was as follows:

	Six months ended 31 March	
	2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited)
Salaries and other benefits	2,916	2,022
Retirement benefits scheme contributions	243	159
	3,159	2,181