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

Infinity Chemical

Annual Report 2012

Contents

Corporate Information

DIRECTORS

Executive Directors

Mr. Ieong Un
(Chairman and Chief Executive Officer)
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

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Mr. Tong Yiu On

AUTHORISED REPRESENTATIVES

Mr. Ip Chin Wing
Mr. Tong Yiu On

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

19/F, Prosperity Tower
No. 39 Queen's Road Central
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.
19/F, Prosperity Tower
No. 39 Queen's Road Central
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
Citibank, N.A., Hong Kong
DBS Bank (Hong Kong) Limited

CORPORATE WEBSITE

www.infinitychemical.com

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited

STOCK CODE: 00640

Chairman's Statement

On behalf of the Board of Directors (the "Board"), I am pleased to report that the turnover of Infinity Chemical Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the past accounting year ended 30 September 2012 was approximately HK395,783,000, representing a slight increase of approximately 6.0% over the corresponding period last year. Profit attributable to the shareholders amounted to approximately HK$25,487,000, representing an increase of approximately 6.8% as compared to the corresponding period last year. Earnings per share amounted to HK5.1 cents.

DIVIDENDS

The Board recommended 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. The final dividend will be payable on or about 28 March 2013 to shareholders whose names appear on the register of members on 6 March 2013.

BUSINESS REVIEW

Over the year, the global economy has been fluctuating to a certain extent. Factors like European debt crisis and global weak demand for consumables all dealt a heavy blow to the market. In face of the adverse market environment with great uncertainties, the staff of the Group remained optimistic and kept improving. They showed great responsibility in their own duties, which saved the Group's sales performance from being affected much and the Group still recorded a slight increase in sales.

1. The PRC market

During the year, the Group reported growth in market share in the PRC market. The sales increased by 12.1% over the last year.

2. The overseas market

During the year, the Group remained steady in market share in the overseas market.

3. Honours and awards

The Group received the following awards during 2012:

1. *Class A for Credit Risk Management 2011*

   — selected and awarded by China Export & Credit Insurance Corporation Guangdong Branch

2. *Top 10 (Industry) Brands for Consumer Satisfaction 2011*

   — selected and awarded by Global Times, Asia Brand Association, Hong Kong, Macroeconomic Management of National Development and Reform Commission, China Business Times

3. *The 100 Brand Enterprises in China with Greatest Development Potential in 2011*

   — selected and awarded by China Trade and Economic Promote Association

4. *The Second Prize of Technology Invention for "Eco-friendly Aqueous Adhesive for Vulcanized Shoes/ Vulcanized Shoes"*

   — selected by Science and Technology Awards Accreditation Committee of Macao Special Administrative Region and awarded by Chief Executive of Macao Special Administrative Region

PROSPECTS

While 2013 will remain a year of extreme uncertainties and challenges rife in the market environment, the Directors remain relatively optimistic towards the results growth of the Group for the coming year. Under a weak market environment where the industry remains a reshuffling stage as well as the current situations include continued growth in global demand for footwear (especially in emerging markets), more stringent demand for the quality of adhesion on the part of manufacturers, rapid increase in the demand for the use of environment-friendly water-based adhesive products by footwear brands and manufacturers, and ongoing diversion of the footwear manufacturing industry to low-cost countries or regions, the Group has prepared itself for the swift changes in the market, and completed the relevant deployments and regional placements. The Directors believe that the abovementioned market changes will positively help the sale performance of the Group, and anticipate stable growth in the sales of traditional shoe-making adhesive products for the coming year, with significant gains from new footwear manufacturing bases in Asia in particular. The Group will continue to commit more resources to expedite/enhance marketing efforts for its range of vulcanized shoes adhesive related products, which are currently market leaders. The Group will also continue to expand its current sales and distribution network in PRC, with a view to increasing its domestic sales to capture additional market shares. Meanwhile, the Group will actively seek opportunities for cooperation with enterprises which would generate synergy effects with the Group.

APPRECIATION

On behalf of the Board, I would like to extend sincere gratitude to all patrons, suppliers, business partners and shareholders for their support and patience during the past year. May I also salute our dedicated staff for their diligent efforts and invaluable contributions during the year.

Ieong Un
Chairman

Hong Kong, 28 December 2012

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 report.

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 report. 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 report
• 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 report 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 report for more details.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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 30 September 2012 (the "CG Code") contained in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as its own code of corporate governance. For the year ended 30 September 2012, the Company has complied with all the code provisions as set out in the CG Code, except for deviation of provision A.2.1 of the CG Code as mentioned below:

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

The Directors are committed to upholding the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximize the interests of the shareholders of the Company.

Set out below is a detailed discussion of the corporate governance practices adopted and observed by the Company during the year ended 30 September 2012 (the "Review Period").

DIRECTORS' SECURITIES TRANSACTIONS

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

BOARD OF DIRECTORS

Board Composition

As at 30 September 2012 and the date of this annual report, the Board comprised five executive Directors and three independent non-executive Directors.

The following are the members of the Board:

Executive Directors

Mr. Ieong Un *(Chairman and Chief Executive Officer)*
Mr. Ip Chin Wing
Mr. Ip Ka Lun
Mr. Stephen Graham Prince
Mr. Tong Yiu On *(appointed on 20 December 2011)*

Independent Non-executive Directors

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

The biographical details of the Directors are set out on pages 22 to 25 of this annual report.

Save as disclosed in the section headed "Directors and Senior Management" to this annual report, the Directors have no other financial, business, family or other material/relevant relationships with one another.

Function and Duties of the Board

The main functions and duties conferred on the Board include:

— overall management of the business and strategic development;

— deciding business plans and investment plans;

— convening general meetings and reporting to the shareholders of the Company; and

— exercising other powers, functions and duties conferred by shareholders in general meetings.

The Directors may have access to the advice and services of the company secretary of the Company with a view to ensure that the board procedures, and all applicable rules and regulations, are followed.

In addition, the Directors may, upon reasonable request, seek independent professional advice in appropriate circumstance at the Company's expenses. The Board shall resolve to provide separate appropriate independent professional advice to the Directors to assist the relevant Directors to discharge their duties.

Board Meetings

During the Review Period, there was six board meetings held. Prior notice convening the board meeting was despatched to the Directors setting out the matters to be discussed. At the meeting, the Directors were provided with the relevant documents to be discussed and approved. The company secretary of the Company is responsible for keeping minutes for the board meetings. Details of individual attendance of Directors are set out in the table on page 19 of this annual report.

Independent Non-executive Directors

In compliance with Rule 3.10(1) of the Listing Rules, the Company has appointed three independent non-executive Directors. The Board considers that all independent non-executive Directors have appropriate and sufficient industry or finance experience and qualifications to carry out their duties so as to protect the interests of the Shareholders.

Prior to their respective appointment, each of the independent non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence and has undertaken to inform the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect their independence. The Company has also received a written confirmation from each of the independent non-executive Directors in respect of their independence. The Board considers that all independent non-executive Directors are being considered to be independent by reference to the factors stated in the Listing Rules.

The term of the appointment of each of the independent non-executive Directors is two years from 12 August 2012. The Company will pay HK$120,000 per annum to each of the independent non-executive Directors for their services rendered to the Group.

Directors' Training

Pursuant to the revised CG Code which has come into effect from 1 April 2012, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

During the Review Period, all Directors have participated in a 6-hour in-house workshop on the Listing Rules organized by the Company. The Directors confirmed that they have complied with the Code Provision A.6.5 of the CG Code.

Chairman and Chief Executive Officer

Code Provision A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

During the Review Period, Mr. Ieong Un acted both as Chairman and Chief Executive Officer of the Company. Mr. Ieong is the founder of the Group and has over 21 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.

Appointment and Re-election of Directors

Each of the executive Directors except Mr. Tong Yiu On has entered into a service contract with the Company for a term of three years commencing from 12 August 2010.

Mr. Tong Yiu On has entered into a service contract with the Company for a term of three years commencing from 20 December 2011.

In accordance with the articles of association of the Company, one-third of the Directors or, if the number is not three or a multiple of three, then the number nearest to but not less than one-third, will retire from office by rotation and every Directors shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire every year will be those who have been longest in office since their last re-election or appointment.

Board Committees

The Company has established three Board committees (the "Board Committees"), namely the Audit Committee, the Remuneration Committee and the Nomination Committee to assist the Board in discharging its duties and responsibilities. The Board Committees are provided with sufficient resources to discharge their duties and are able to obtain outside independent professional advice in connection with their duties at the Company's expenses.

Audit Committee

The Audit Committee was established on 26 March 2010 with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to review and supervise the Group's financial reporting process and internal control system.

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Chan Wing Yau George, Mr. Ho Gilbert Chi Hang and Mr. Poon Yick Pang Philip. The chairman of the Audit Committee is Mr. Poon Yick Pang Philip.

During the Review Period, the Audit Committee has held two meetings and the committee performed the following duties:

— meeting with the chief executive and management of the Company from time to time to review the interim and annual results, the interim report and annual report and other financial, internal control, corporate governance and risk management matters of the Group and making recommendations to the Board;

— considering and discussing the reports and presentations of senior management and the external auditor, with a view to ensure that the Group's consolidated financial statements are prepared in accordance with accounting principles generally accepted in Hong Kong;

— meeting with the external auditor to discuss its independent review of the interim financial report and its annual audit of the consolidated financial statements (as the case may be, without the Company's management being present); and

— assisting the Board in meeting its responsibilities for maintaining an effective system of internal control.

Remuneration Committee

The Remuneration Committee was established on 26 March 2010 with written terms of reference in compliance with the CG Code. The primary responsibilities of the Remuneration Committee are to make recommendations to the Board on the remuneration package of the Directors and senior management and to ensure that no Director or any of his associates is involved in deciding his own remuneration.

The Remuneration Committee has four members, comprising Mr. Chan Wing Yau George, Mr. Ho Gilbert Chi Hang, Mr. Poon Yick Pang Philip and Mr. Ip Ka Lun, a majority of whom are independent non-executive Directors. The chairman of the Remuneration Committee is Mr. Chan Wing Yau George.

During the Review Period, the Remuneration Committee has held one meeting and the committee performed the following duties:

— reviewing and fixing the remuneration of individual Directors and senior management; and

— making recommendations to the Board to establish a more formal and transparent procedure for determining the remuneration packages of individual senior management.

Nomination Committee

The Nomination Committee was established on 26 March 2010 with written terms of reference in compliance with the CG Code. The primary duties of the Nomination Committee is to make recommendations to the Board on the appointment of Directors and senior management.

The Nomination Committee has four members, comprising Mr. Chan Wing Yau George, Mr. Ho Gilbert Chi Hang, Mr. Poon Yick Pang Philip and Mr. Ip Ka Lun, a majority of whom are independent non-executive Directors. The chairman of the Nomination Committee is Mr. Ho Gilbert Chi Hang.

During the Review Period, the Nomination Committee has held one meeting and the committee performed the following duties:

— reviewing the annual confirmation of independence submitted by the independent non-executive Directors and assessing their independence; and

— reviewing the structure, size and composition including the skills knowledge and experience of the Board.

Corporate Governance Functions

The Board is responsible for the corporate governance functions with the following duties:

— to develop and review the Company's policies and practices on corporate governance and make recommendations on changes and updating;

— to review and monitor the training and continuous professional development of Directors;

— to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

— to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;

— to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report; and

— such other corporate governance duties and functions set out in the CG Code (as amended from time to time) for which the Board are responsible.

Attendance of meetings

The attendance of each Director at Board meetings and Board committees meetings during the year ended 30 September 2012 was as follows:

	Attendance out of number of meetings			
	Board	Audit Committee	Remuneration Committee	Nomination Committee
Executive Directors				
Mr. Ieong Un *(Chairman and Chief Executive Officer)*	7/7	—	—	—
Mr. Ip Chin Wing	3/7	—	—	—
Mr. Ip Ka Lun	7/7	—	1/1	1/1
Mr. Stephen Graham Prince	3/7	—	—	—
Mr. Tong Yiu On *(appointed on 20 December 2011)*	2/3	—	—	—
Independent Non-executive Directors				
Mr. Chan Wing Yau George	2/7	2/2	1/1	1/1
Mr. Ho Gilbert Chi Hang	2/7	2/2	1/1	1/1
Mr. Poon Yick Pang Philip	2/7	2/2	1/1	1/1

Directors' and Auditor's responsibilities on the Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statement of the Group in accordance with the statutory requirements and accounting standards and other financial disclosure requirements under the Listing Rules. The Directors also acknowledge their responsibilities to ensure that the financial statements of the Group are published in a timely manner as required by the Listing Rules.

The external auditor's statement about reporting responsibility is set out on pages 37 and 38.

Company Secretary

As at 30 September 2012, the company secretary of the Company, Mr. Tong Yiu On (appointed on 20 December 2011), who is also an executive Director, fulfills the requirement under Rules 3.28 and 3.29 of the Listing Rules. As an employee of the Company, the company secretary supports the Board, ensures good information flow within the Board and Board policy and procedures are followed; advises the Board on governance matters, facilitates induction and, monitors the training and continuous professional development of Directors. He has attained not less than 15 hours of relevant professional training during the Review Period. His biography is set out in the "Directors and Senior Management" section of this annual report.

Internal Control

The internal control system has been designed to safeguard the assets of the Company, maintaining proper accounting records, execution with appropriate authority and compliance with the relevant laws and regulations.

The Board is responsible for maintaining and reviewing the effectiveness of the Group's internal control system. They have carried out an annual review of the implemented system and procedures, including areas covering financial, operational and legal compliance controls and risk management functions. The internal control system is implemented to minimize the risk to which the Group is exposed and used as a management tool for the day-to-day operation of business. The system can only provide reasonable but not absolute assurance against misstatement or losses.

For the year ended 30 September 2012, the Board considered that the Company's internal control system is adequate and effective and the Company has complied with the code provisions on internal control of the CG Code.

Auditor's Remuneration

For the year ended 30 September 2012, the total fees paid or payable in respect of audit and non-audit services provided by the Group's external auditor, Deloitte Touche Tohmatsu, is set out below:

	For the year ended 30 September 2012 HK$
Annual audit services	**1,680,000**
Non-audit services	**1,040,000**

Communication Channels with Shareholders and Investors

The general meetings of the Company provide a forum for communication between the Board and the Shareholders. The chairman of the Board as well as the chairman of the Audit Committee and other members of the respective committees are available to answer questions at the general meeting of the Shareholders.

The Company maintains a website at infinitychemical.com where extensive information and updates on the Company's financial information, corporate governance practices and other useful information are posted and available for access by the public investors.

Shareholders' Rights

In accordance with the Company's Article 58, the Shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Board shall be reimbursed to the requisitionists by the Company.

A Shareholders' communication policy (the "Policy") was adopted by the Company in March 2012 to maintain an on-going dialogue with Shareholders and encourage them to communicate actively with the Company and also establishing the Policy and reviewing the Policy on a regular basis to ensure its effectiveness.

Investor Relations

During the Review Period, special resolution was proposed for the amendment of the Articles of the Company and being approved by the Shareholders, further details may refer to the announcement of the Company dated 18 January 2012 and circular of the Company dated 19 January 2012 respectively. The amended and restated Articles of the Company is available on the Company's website at http://www.infinitychemical.com and the website of the Stock Exchange at http://www.hkex.com.hk.

The Company keeps on promoting investor relations and enhancing communication with the existing Shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public.

Shareholders should direct their questions about their shareholdings to the Company's Hong Kong branch share registrar: Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

Other enquiries or comments raised by any Shareholder can be mailed to the Board at the Company's head office in Macau at Rua de Pequim No.202A–246, Macau Finance Centre, 16 Andar A-D, Macau or sent through email to ir@infinitychemical.com.

Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Ieong Un, aged 58, being a founder of the Group, is the chairman of the Board and the Chief Executive Officer of the Group. Mr. Ieong is primarily responsible for (i) the Group's strategic planning including geographical and network expansion of the Group's business such as expansion of customers' base and penetration of business in the domestic adhesive industry in the PRC; (ii) product research and development; (iii) enhancement of the Group's capability in marketing and promotion as well as technical assistance to customers; and (iv) positioning the Group in the adhesive industry. Mr. Ieong, being one of the founders of the Group in 1990, has been leading the Group from engaging in adhesive distribution business to adhesive development, sale and production business. Mr. Ieong has approximately 22 years experience in the adhesive related industry. Prior to the establishment of the Group in 1990, Mr. Ieong held a senior management position of Luen Ying Hong Company Limited, a distributor of petroleum related products for more than 6 years in Macau. During such employment, Mr. Ieong was responsible for the management of the business operation, and the marketing and technical services team. Mr. Ieong is the sole shareholder and sole director of All Reach Investments Limited, the Controlling Shareholder.

Mr. Ip Chin Wing, aged 58, is a deputy general manager of the Group. He is responsible for the management and daily operation of the Group and also assists the chairman of the Board in formulating business strategies and implementing corporate and operational decisions. Prior to joining the Group in 2001, Mr. Ip served as a general manager of Dongguan Advanced Coatings Company Limited, a sino-foreign joint venture company registered in the PRC. In 2009, Mr. Ip was awarded by 中國生產力學會 (China Society of Productivity) and 中國企業報社 (China Enterprise Newspapers Office) as China enterprise innovative and outstanding person of 2009 (2009年度中國企業創新優秀人物). Mr. Ip obtained a certificate in industrial trade instruction from The Hong Kong Technical Teachers' College in 1982.

Mr. Ip Ka Lun, aged 58, is a deputy general manager of the Group. He is responsible for overseeing the treasury and administrative functions of the Group and also assists the chairman of the Board in formulating business strategies and implementing corporate and operational decisions. Mr. Ip has 18 years experience of overseeing the operation of accounting and finance departments. Prior to joining the Group in 2000, he was the manager of finance and accounts department of Yaohan Department Store (H.K.) Limited in Hong Kong from 1984 to 1997. He joined Noble City Holdings Limited, a holding company carrying out construction materials related business in the PRC, as a finance manager from 1998 to 2000. Mr. Ip obtained a bachelor degree in business from Tamkang University in 1977.

Mr. Stephen Graham Prince, aged 50, is an executive Director and also the director of business and marketing of the Group. He is responsible for overseeing all sales and marketing functions of the Group. Prior to joining the Group in 2005, Mr. Prince worked as a general manager of Interliance LLC. and was the chief representative of this company in Shanghai, responsible for project management, business intelligence and operational strategy. Mr. Prince graduated from Audrey Cohen College in the U.S. with a bachelor of business administration degree in 1992 and obtained a master degree of business administration from Fordham University in 2001.

Mr. Tong Yiu On, aged 46, is the chief financial officer and company secretary of the Company. He is responsible for the financial management and regulatory compliance of the Company and also assists the chairman of the Board in formulating business strategies and implementing corporate and operational decisions. Mr. Tong is a certified public accountant of the Hong Kong Institute of Certified Public Accountants. Before joining the Group as chief financial officer in July 2011, he had been the executive director, chief financial officer and company secretary of a company listed on the main board of the Stock Exchange during 2000 to 2008. Prior to that, he had gained 9 years of financial management and accounting and auditing experience from various companies listed in Hong Kong and overseas and an international accounting firm.

Independent Non-executive Directors

Mr. Poon Yick Pang, Philip, aged 43, was appointed as an independent non-executive Director in March 2010. Mr. Poon has over 17 years of corporate finance and accounting experience. He is an independent non-executive director of Trigiant Group Limited (stock code: 1300) since 23 August 2011, an independent non-executive director of Jiangnan Group Limited (stock code: 1366) since 25 February 2012 and a company secretary of Real Nutriceutical Group Limited (stock code: 2010), all companies are listed on the main board of the Stock Exchange. Mr. Poon also served various positions in Advent International Corporation, a global private equity firm, and worked at Legend Holdings Limited and Sun Hung Kai Properties Limited (stock code: 16), a company listed on the main board of the Stock Exchange. Mr. Poon obtained a bachelor of commerce degree from the University of New South Wales in 1993, a Chartered Financial Analyst charter awarded by the CFA Institute in 2001, a Certified Practising Accountant of the CPA Australia in 1996 and a fellow member of the Hong Kong Institute of Certified Public Accountants in 2006.

Mr. Ho Gilbert Chi Hang, aged 36, is an independent non-executive Director. He joined the Group in March 2010. He is the vice president of ITC Corporation Limited, a company listed on the Stock Exchange. He has extensive experience in the area of corporate management, investments, corporate finance, merger and acquisition transactions and international brand management. Prior to joining ITC Corporation Limited, he was the senior investment director of New World Development Company Limited (a company listed on the Stock Exchange) and an executive director of New World Strategic Investment Limited. He was also a partner of an international law firm Fried, Frank, Harris, Shriver and Jacobson LLP. He is a Committee Member of the Chinese People's Political Consultative Conference of Shenyang, a Standing Committee Member of the Youth Federation of Inner Mongolia and a Vice Chairman of Inner Mongolia & Hong Kong Youth Exchange Association. Mr. Gilbert Ho holds a Bachelor of Commerce degree and a Bachelor of Laws degree from the University of Sydney, Australia and is a solicitor admitted in New South Wales, Australia and England and Wales and a solicitor and barrister admitted in the High Court of Australia.

Mr. Gilbert Ho had been a non-executive director of Renhe Commercial Holdings Company Limited (stock code: 1387) during December 2007 to 27 February 2012, a non-executive director of New Environmental Energy Holdings Limited (stock code: 3989) during 6 January 2010 to 23 September 2010 and is an independent non-executive director of Kam Hing International Holdings Limited (stock code: 2307) since May 2010, all of the above-mentioned companies are listed on the Stock Exchange.

Mr. Chan Wing Yau, George, aged 57, is an independent non-executive Director. He joined the Group in March 2010. He is the Chairman and Chief Executive Officer of Capital Focus Asset Management Limited and an independent non-executive director of Weiqiao Textile Company Limited (stock code: 2698), a company listed on the main board of the Stock Exchange. He had been a director of Jardine Fleming Investment Services Limited. After leaving Jardine Fleming Investment Services Limited, he joined HSBC Asset Management Hong Kong Limited as an executive director. He has extensive experience in fund management. Mr. Chan had held several positions of public services, such as a member of the Financial Services Advisory Committee of the Hong Kong Trade Development Council, the chairman of Investment Sub-Committee of and board member of Ocean Park Corporation, and the chairman of the Hong Kong Investment Funds Association China Sub-Committee. Mr. Chan obtained a bachelor of mathematics degree from the University of Waterloo in 1978.

SENIOR MANAGEMENT

Mr. Zheng Guo Liang, aged 49, is the regional sales director of the Group in the PRC. Mr. Zheng joined the Group as a sales representative in 1990. Prior to joining the Group, he worked for a mechanical engineering company in Zhuhai and responsible for the mechanical maintenance for more than five years. Mr. Zheng finished his secondary education in 1987. He is currently a regional sales director in the PRC. Mr. Zheng is responsible for planning sales and marketing strategies, achieving sales target and development of the Group. He is also responsible for customer relationship management.

Mr. Liu Feng, aged 38, is the regional sales director of the Group in Southeast Asia region. Mr. Liu joined the Group in 2000 as an assistant sales manager in Vietnam and has been promoted to regional sales director of the Group in Southeast Asia region since 2006. He finished a vocational education with major in physics in 1992. Mr. Liu is responsible for the management and development of the Group's business in Southeast Asia region. Prior to joining the Group, he had seven years of experience in the industry of the shoes manufacturing. He was a supervisor of a footwear manufacturing plant, being responsible for management in Punyu for about a year. Mr. Liu is responsible for devising sales and management strategies, achieving sales target and development of the Group. He is also responsible for customer relationship management.

Ms. Xiao Wei, aged 43, is the director of production and quality assurance department of the Group. Ms. Xiao obtained her bachelor degree in science from Nanjing University in 1989 and received her master degree in business administration from Jinan University in 2005. Prior to joining the Group in 2005, she served as the department head of business department and corporate administration department of 中山大橋化工有限公司 (Zhongshan Daqiao Chemical Company Limited), being responsible for corporate administration for about three years; and a deputy general manager of Ohashi Chemical (Qingdao) Industry Company Limited (鷗哈希化學(青島)工業有限公司), being responsible for general management for about a year. Ms. Xiao is responsible for production planning, formulating and execution of the quality assurance policy of the Group.

Mr. Zhong Xuan Feng, aged 42, is the director of human resources and information technology departments of the Group responsible for diverse range of human resources activities of the Group including recruitment, compensation and benefits, staff training and employee relationship management. Apart from human resources, he is also responsible for the development of information technology platform to support the operation of the Group in accordance with development needs. Mr. Zhong joined the Group in 1998. He had 6 years experiences of accounting. He was a head of accounting of an investment company. In 2006, Mr. Zhong was sponsored by the Group to study in Hong Kong, and obtained a master degree in business administration from Hong Kong Baptist University in 2008.

Mr. Wu Xiang Ming, aged 43, is the director of research and development department of the Group responsible for the establishment and implementation of the research and development plan in accordance with the requirements of the customers of the Group and the market. He is also responsible for the general management of the research and development team of the Group, such as resources allocation, staff promotion and the appraisal of the overall team. Prior to joining the Group in 2007, Mr. Wu had more than 11 years research and development working experience. He was a research and development manager of a Hong Kong based chemical science company for seven years. Mr. Wu graduated from 華東理工大學 (East China University of Science and Technology) (formerly known as 華東化工學院 (East China Institute of Science and Technology)) in 1990 with a bachelor degree in engineering and obtained a master of engineering from Zhejiang University in 1996.

Mr. Ke Jia Min, aged 49, is the regional director of commerce of the Group in Southeast Asia. Prior to joining the Group in 2003, Mr. Ke served as a senior management position responsible for the operation of a hotel in Zhuhai. Mr. Ke also served as a representative of Zhuhai's Fourth People's Congress from 1994 to 1999. As a regional director of commerce of the Group in Southeast Asia, he is responsible for promoting the Group's products to footwear suppliers with a view to gaining the recognition of the Group by footwear suppliers as their approved raw material suppliers. He is also responsible for the relationship management with both footwear suppliers and footwear manufacturers. To provide the support to the sales and marketing functions, Mr. Ke organises the regional commercial team to provide all aspects support to the marketing and technical services team of the Group.

Disclosure on changes in information of Directors

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in details of the Directors' information since the date of the annual report of the Company for the year ended 30 September 2011 are set out below:

Name	Details of Changes
Mr. Poon Yick Pang, Philip	Appointed as an independent non-executive director of Jiangnan Group Limited (stock code: 1366), a company listed on the main board of the Stock Exchange with effect from 25 February 2012
Mr. Ho Gilbert Chi Hang	Resigned as a non-executive director of Renhe Commercial Holdings Company Limited (stock code: 1387), a company listed on the main board of the Stock Exchange with effect from 28 February 2012

Directors' Report

The Directors hereby present their annual report and the audited consolidated financial statements of the Group for the year ended 30 September 2012.

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 15 December 2009 under the Companies Law of the Cayman Islands. In preparation for the listing of the Shares on the Main Board of the Stock Exchange, the Group underwent a series of corporate reorganisation procedures and the Company became the holding company of the Group since 26 March 2010.

Details of the reorganisation were set out in the paragraph headed "Reorganisation" on pages 4 to 5 of Appendix V (Statutory and General Information) in the prospectus of the Company dated 29 July 2010 (the "Prospectus").

The shares of the Company were listed on the Main Board of the Stock Exchange on 12 August 2010 (the "Listing Date").

PRINCIPAL ACTIVITIES

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 and Vietnam.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 September 2012 are set out in the consolidated statement of comprehensive income on page 39 of this annual report.

The Directors recommend the payment of a final dividend of HK1.3 cents per share for the year ended 30 September 2012 to the shareholders whose names appear on the register of members of the Company at 4:30 p.m. on 6 March 2013. The final dividend is expected to be paid on or about 28 March 2013.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five years are set out on page 86 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

LISTING OF THE SHARES AND SHARE CAPITAL OF THE COMPANY

The shares of the Company have been successfully listed on the Main Board of the Stock Exchange since 12 August 2010. The total number of shares of the Company in issue upon listing was 500,000,000 shares.

Details of the movements during the year in the issued share capital of the Company are set out in note 25 to the consolidated financial statements of this annual report.

RESERVES

Details of the movements during the year in the reserves of the Group are set out in the consolidated statement of changes in equity on page 42 of this annual report.

BORROWINGS

Details of bank loans of the Group as at 30 September 2012 are set out in notes 21 to 23 to the consolidated financial statements of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 30 September 2012, sales to the Group's five largest customers accounted for 52.8% of the Group's total turnover for the year. The largest customer was Pou Chen Group which accounted for 33.3% of the total turnover of the Group for the year ended 30 September 2012.

For the year ended 30 September 2012, the Group's purchases attributable to the five largest suppliers and the largest supplier accounted for 35.5% and 10.8% respectively of the Group's total purchases for the year.

For the year ended 30 September 2012, none of the Directors or any of their associates or any shareholders who, to the knowledge of the Directors, owns more than 5% of the Company's issued share capital, had any interest in the five largest suppliers or customers.

DIRECTORS

The Directors during the year and up to the date of this annual report are as follows:

Executive Directors

Mr. Ieong Un *(Chairman and Chief Executive Officer)*
Mr. Ip Chin Wing
Mr. Ip Ka Lun
Mr. Stephen Graham Prince
Mr. Tong Yiu On *(appointed on 20 December 2011)*

Independent Non-executive Directors

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

Directors' Service Contracts

Each of the executive Directors except Mr. Tong Yiu On has entered into a service contract with the Company for a term of three years commencing from 12 August 2010 subject to termination by not less than three months' notice in writing served by either party to the other.

Mr. Tong Yiu On has entered into a service contract with the Company for a term of three years commencing from 20 December 2011 subject to termination by not less than three months' notice in writing served by either party to the other.

On 16 January 2013, each of the independent non-executive Directors has entered into a service contract with the Company for a term of two years commencing from 12 August 2012 subject to termination by not less than one month's notice in writing served by either party to the other. The appointments are subject to the provisions of retirement by rotation of Directors under the Articles.

Save for the above, none of the Directors proposed for re-election of the forthcoming annual general meeting has a service contract which is not determinable by the Company or any of the subsidiaries within one year without payment of compensation, other than normal statuary compensation.

Remuneration of the Directors

The remuneration of each Director is approved at general meetings. Other emoluments will be determined by the members of the remuneration committee with reference to the duties, responsibilities, performance of the Directors and the results of the Group.

Details of the remuneration of the Directors are set out in note 9 to the consolidated financial statements of this annual report.

Remuneration Policy

The Group offers competitive remuneration packages commensurate with industry practice and provides various fringe benefits to all employees of the Group including social insurance coverage, provident funds, bonus, share option schemes and company sponsored training. The Group mainly determines staff remuneration in accordance with the performance of individual employee and the salary trends in Hong Kong and PRC and will be reviewed regularly.

Retirement Benefits Scheme

Particulars of the retirement benefits scheme of the Group are set out in note 29 to the consolidated financial statements of this annual report.

Share Option Scheme

The Company has conditionally adopted a Share Option Scheme on 22 July 2010. Details of the Share Option Scheme are set out in the paragraph headed "Share Option Scheme" on pages 22 to 33 of Appendix V (Statutory and General Information) in the Prospectus.

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

Independence of Independent Non-executive Directors

The Company has received, from each of the independent non-executive Directors, a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent in accordance with Rule 3.13 of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 September 2012, 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	Position	Percentage of shareholding
Mr. Ieong Un (note)	Interest in controlled corporation	342,500,000	Long	68.50%
	Beneficial owner	896,000	Long	0.18%

Note: The 342,500,000 Shares are held by All Reach Investments Limited ("All Reach"), 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 342,500,000 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. Ieong Un	Beneficial owner	Long	100	100%

Save as disclosed above, as at 30 September 2012, 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 30 September 2012, 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 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%
Tang Tsz Kit (note 3)	Interest in controlled corporation	32,500,000	Long	6.50%
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. Mr. Tang Tsz Kit is deemed to be interested in the 32,500,000 Shares through his wholly owned corporations Raffles Partners Asset Management (Hong Kong) Limited (holding 17,500,000 Shares) and Raffaello Securities (HK) Limited (holding 15,000,000 Shares).

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 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 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.

ARRANGEMENTS TO PURCHASE SHARES AND DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

MANAGEMENT CONTRACT

The Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company during the year.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Events after the Reporting Period" in this annual report, no contracts of significance in relation to the business of the Group, to which the Company, its holding companies, its subsidiaries or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

No contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, save as disclosed in the section headed "Events after the Reporting Period" in this annual report, none of the Directors has interests in any business which directly or indirectly competes, or is likely to compete with the business of the Group.

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.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the Companies Law of the Cayman Islands where the Company is incorporated.

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.

CORPORATE GOVERNANCE CODE

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 30 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.

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

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

EVENTS AFTER THE REPORTING PERIOD

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.

USE OF NET PROCEEDS FROM THE COMPANY'S LISTING

Details of the use of net proceeds from the issue of new shares upon the listing of the Company on the Stock Exchange on 12 August 2010 are set out in the "Use of Proceeds" section of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best of the knowledge of the Directors, the Company has maintained sufficient public float as required under the Listing Rules up to the date of this annual report.

AUDITOR

A resolution will be proposed for approval by shareholders at the forthcoming annual general meeting of the Company to re-appoint Deloitte Touche Tohmatsu as auditor of the Company.

CLOSURE OF THE REGISTER OF MEMBERS

The Company's register of members will be closed from Thursday, 7 March 2013 to Friday, 8 March 2013, both dates inclusive, during which no transfer of share will be registered, for the purposes of the Shareholders to qualify for entitlement of the final dividend. In order to qualify for entitlement of the final dividend, all transfers of shares accompanied by the relevant share certificates and instruments of transfers must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration by not later than 4:30 p.m. on Wednesday, 6 March 2013.

On behalf of the Board
Ieong Un
Chairman

Hong Kong, 28 December 2012

Deloitte.
德勤

TO THE SHAREHOLDERS OF
INFINITY CHEMICAL HOLDINGS COMPANY LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Infinity Chemical Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 85, which comprise the consolidated statement of financial position as at 30 September 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion 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. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of the Group's affairs as at 30 September 2012, and of its profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
28 December 2012

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2012

	Notes	2012 HK$'000	2011 HK$'000
Turnover	6	**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	7	**(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	8	**27,473**	26,231
Taxation	10	**(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	12	**HK5.1 cents**	HK4.8 cents

Consolidated Statement of Financial Position

At 30 September 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Investment properties	13	**23,430**	20,750
Property, plant and equipment	14	**47,598**	44,043
Land use rights	15	**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	16	**56,604**	80,220
Trade, bills and other receivables	17	**123,038**	108,041
Pledged bank deposits	18	**22,709**	16,725
Bank balances and cash	18	**14,608**	22,708
		216,959	227,694
Current liabilities			
Trade, bills and other payables	19	**30,843**	66,605
Amount due to a related company	20	**10,000**	—
Taxation		**1,743**	1,053
Current portion of secured long-term bank loans	21	**7,171**	10,704
Secured short-term bank loans	22	**28,676**	26,448
Bank overdrafts — secured	23	**22,128**	18,064
		100,561	122,874
Net current assets		**116,398**	104,820
Total assets less current liabilities		**209,670**	190,149

	Notes	2012 HK$'000	2011 HK$'000
Non-current liabilities			
Deferred taxation	24	**4,053**	3,738
Net assets		**205,617**	186,411
Capital and reserves			
Share capital	25	**5,000**	5,000
Reserves		**200,617**	181,411
Total equity		**205,617**	186,411

The consolidated financial statements on pages 39 to 85 were approved and authorised for issue by the Board of Directors on 28 December 2012 and are signed on its behalf by:

IP CHIN WING
EXECUTIVE DIRECTOR

IP KA LUN
EXECUTIVE DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 30 September 2012

	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 year	—	—	—	—	—	—	23,854	23,854
Exchange differences arising on translation of foreign operations	—	—	—	4,323	—	—	—	4,323
Total comprehensive income for the year	—	—	—	4,323	—	—	23,854	28,177
Dividends recognised as distribution	—	—	—	—	—	—	(9,000)	(9,000)
At 30 September 2011	5,000	63,546	884	10,308	459	1,814	104,400	186,411
Profit for the year	—	—	—	—	—	—	25,487	25,487
Exchange differences arising on translation of foreign operations	—	—	—	(281)	—	—	—	(281)
Total comprehensive income for the year	—	—	—	(281)	—	—	25,487	25,206
Dividends recognised as distribution	—	—	—	—	—	—	(6,000)	(6,000)
At 30 September 2012	5,000	63,546	884	10,027	459	1,814	123,887	205,617

The special reserve represents the differences between the nominal amount of the shares issued by the Company and the Group's former holding company 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. For the years ended 30 September 2012 and 30 September 2011, no amount was transferred from annual net retained profits as the minimum legal reserve requirement was met. 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.

Consolidated Statement of Cash Flows

For the year ended 30 September 2012

	2012 HK$'000	2011 HK$'000
Operating activities		
Profit before taxation	**27,473**	26,231
Adjustments for:		
Interest income	**(88)**	(104)
Interest expenses	**2,371**	1,487
Depreciation	**5,724**	5,271
Operating lease rentals in respect of land use rights	**376**	364
Loss on disposal of property, plant and equipment	**46**	3
Changes in fair value of investment properties	**(2,680)**	(8,430)
Impairment loss recognised in respect of club debentures	**—**	364
Bad debts written off	**—**	376
Operating cash flows before movements in working capital	**33,222**	25,562
Decrease (increase) in inventories	**23,436**	(35,122)
Increase in trade, bills and other receivables	**(15,114)**	(25,695)
(Decrease) increase in trade, bills and other payables	**(35,715)**	18,069
Cash from (used in) operations	**5,829**	(17,186)
Taxation paid	**(975)**	(501)
Net cash from (used in) operating activities	**4,854**	(17,687)
Investing activities		
Interest received	**88**	104
Purchase of property, plant and equipment	**(11,047)**	(12,064)
Proceeds from disposal of property, plant and equipment	**1,645**	11
Deposits paid on acquisition of property, plant and equipment	**(2,161)**	(619)
Purchase of club debentures	**—**	(1,444)
Placement of pledged bank deposits	**(22,711)**	(16,633)
Withdrawal of pledged bank deposits	**16,725**	19,511
Net cash used in investing activities	**(17,461)**	(11,134)

	2012 HK$'000	2011 HK$'000
Financing activities		
Interest paid	**(2,371)**	(1,487)
Dividends paid	**(6,000)**	(9,000)
Borrowings from a related company	**10,000**	—
Bank loans raised	**53,610**	49,846
Repayment of bank loans	**(54,867)**	(30,404)
Net cash from financing activities	**372**	8,955
Net decrease in cash and cash equivalents	**(12,235)**	(19,866)
Cash and cash equivalents at 1 October	**4,644**	23,827
Effect of foreign exchange rate changes	**71**	683
Cash and cash equivalents at 30 September	**(7,520)**	4,644
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**14,608**	22,708
Bank overdrafts	**(22,128)**	(18,064)
	(7,520)	4,644

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 Pequin, 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.

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

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.

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

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 set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combination under common control

The consolidated financial statements incorporate the financial statement items of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of comprehensive income include the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and service provided in the normal course of business, net of discounts and sales related taxes.

Sales of goods is recognised when goods are delivered and title has passed.

Service income is recognised when services are provided.

Rental income, including rentals invoiced in advance from investment properties let under operating leases, is recognised on a straight line basis over the relevant lease terms.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Property, plant and equipment

Property, plant and equipment other than construction in progress are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

For land and buildings where the cost of land use right cannot be reliably separated from the cost of land and buildings, the cost of land and buildings is depreciated and amortised on a straight line basis over the lease terms or 20 years, whichever is shorter.

The cost of buildings in Mainland China (the "PRC") is depreciated over 20 years using the straight line method.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost, less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of other property, plant and equipment over their estimated useful lives, using the straight line method, at the following rates per annum:

Furniture, fixtures and equipment	20%–25%
Leasehold improvements	20%
Motor vehicles	$16^2/_3$%–20%
Plant and machinery	10%–20%

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period in which the item is derecognised.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

— the technical feasibility of completing the intangible asset so that it will be available for use or sale;
— the intention to complete the intangible asset and use or sell it;
— the ability to use or sell the intangible asset;
— how the intangible asset will generate probable future economic benefits;
— the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
— the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are mainly classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial assets, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade, bills and other receivables, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimate future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of loans and receivables, such as trade and bills receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 15 to 120 days, observable changes in national or local economic conditions that correlate with default on receivables.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and bills receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade or bills receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date of the impairment loss is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instrument issued by the Company are recorded at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimate future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade, bills and other payables, amount due to a related company, bank loans, trust receipt loans and bank overdrafts are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition *(Continued)*

On derecognition of a financial asset in its entirely, the difference between the asset's carrying amount and the sum of the consideration received and receivable and cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment of non-current assets other than financial assets

At the end of the reporting period, the Group reviews the carrying amounts of its non-current assets other than financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount but to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes income or expense items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purpose of preparing the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the functional currency of the Company and the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Leases

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant leases. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight line basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Land use rights

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "land use rights" in the consolidated statement of financial position and is released over the lease term on a straight line basis, except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Retirement benefits costs

Payments to retirement benefits plans and government-managed retirement benefits schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

4. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of bank loans and amount due from a related company, net of pledged bank deposits and cash and cash equivalents, and equity attributable to owners of the Company, comprising share capital, retained profits and other reserves as disclosed in the consolidated financial statements.

The management of the Group reviews the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through the payment of dividends, new shares issue of the Company as well as the raising of bank loans and borrowings from a related company.

5. FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets and financial liabilities are disclosed in note 3.

Categories of financial instruments

	2012	2011
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**141,578**	137,934
Financial liabilities		
Amortised cost	**91,307**	114,989

Financial risk management objectives and policies

The Group's major financial instruments include trade, bills and other receivables, pledged bank deposits, bank balances and cash, trade, bills and other payables, amount due to a related company, bank loans, trust receipt loans and bank overdrafts. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties in the event of the counterparties failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its trade, bills and other receivables. In order to minimise the credit risk, the management of the Group continuously monitors the level of exposure to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

5. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk (Continued)

The credit risk on pledged bank deposits and bank balances is minimal as such amounts are placed in banks with good reputation.

Credit risk is concentrated in one customer, which accounted for HK$13,574,000 or 15% (2011: HK$27,980,000 or 32%) of the Group's total trade receivables. However, management considers, based on the good credit history and the long-term business relationship with that customer, there are no significant credit risks.

Market risk

(i) Currency risk

Several subsidiaries of the Company have foreign currency sales, which expose the Group to risk in Euro, New Taiwan dollar, Renminbi and United States dollar. During the year ended 30 September 2012, approximately 58% (2011: 65%) of the Group's sales are denominated in currency other than the functional currency of the group entity. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are as follows:

	Assets		Liabilities	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Euro	**—**	—	**91**	2,612
New Taiwan dollar	**4,168**	4,477	**160**	3,476
Renminbi	**17,842**	10,363	**6,235**	3,173
United States dollar	**58,631**	73,845	**22,853**	45,820
	80,641	88,685	**29,339**	55,081

5. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(i) Currency risk (Continued)

Under the pegged exchange rate system, the financial exposure on exchange rate fluctuation between HK$ and United States dollar is considered as insignificant by the directors. The sensitivity analysis below includes only outstanding foreign currency denominated monetary items at the end of the reporting period and has been determined based on the exposure to exchange rates of Euro, New Taiwan dollar and Renminbi against HK$. For a 5% weakening of these currencies against HK$ and all other variables being held constant, the Group's profit for the year is as follows:

	2012 **HK$'000**	2011 HK$'000
(Decrease) increase in profit for the year		
— Euro	**3**	98
— New Taiwan dollar	**(150)**	(38)
— Renminbi	**(435)**	(270)
	(582)	(210)

There would be an equal and opposite impact on the profit for the year where the Euro, New Taiwan dollar and Renminbi strengthens against HK$ by 5%.

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk through the impact of rate changes on interest bearing financial assets and liabilities, mainly interest bearing pledged bank deposits, bank balances, bank overdrafts, bank loans and trust receipt loans at variable interest rates. The Group currently does not have an interest rate hedging policy. However, the management will consider hedging significant interest rate risk should the need arise.

5. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(ii) Interest rate risk (Continued)

The sensitivity analysis below has been determined based on the exposure to interest rates for interest bearing pledged bank deposits, bank balances, bank overdrafts, bank loans and trust receipt loans at the end of the reporting period and assumed that the amount of assets and liabilities outstanding at the end of the reporting period was outstanding for the whole year. 50 basis points (2011: 50 basis points) was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The management does not anticipate a decrease in interest rate in the next financial year having regard to the trends in market interest rates and global economic environment. Accordingly, sensitivity analysis on a decrease in interest rates is not presented.

If interest rates on pledged bank deposits, bank balances, bank overdrafts, bank loans and trust receipt loans had been 50 basis points (2011: 50 basis points) higher and all other variables were held constant, the potential effect on profit for the year is as follows:

	2012	2011
	HK$'000	HK$'000
Decrease in profit for the year	**(77)**	(59)

Liquidity risk management

The management of the Group has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining banking facilities and by continuously monitoring forecasted and actual cash flows and the maturity profiles of its financial liabilities.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

5. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk management *(Continued)*

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average interest rate	On demand	Less than 3 months	Over 3 months but not more than 6 months	Over 6 months but not more than 1 year	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Financial liabilities							
At 30 September 2012							
Trade, bills and other payables	N/A	—	23,332	—	—	23,332	23,332
Amount due to a related company	N/A	10,000	—	—	—	10,000	10,000
Bank loans	2.99	7,171	20,811	2,087	6,075	36,144	35,847
Bank overdrafts	5.25	22,128	—	—	—	22,128	22,128
		39,299	44,143	2,087	6,075	91,604	91,307
Financial liabilities							
At 30 September 2011							
Trade, bills and other payables	N/A	—	58,539	1,234	—	59,773	59,773
Bank loans	3.52	10,704	17,715	8,447	624	37,490	37,152
Bank overdrafts	5.20	18,064	—	—	—	18,064	18,064
		28,768	76,254	9,681	624	115,327	114,989

Bank loans with a repayment on demand clause are included in the "on demand" time band in the above maturity analysis. As at 30 September 2012 and 30 September 2011, the aggregate carrying amounts of these bank loans amounted to HK$7,171,000 and HK$10,704,000 respectively. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid within one to four years after 30 September 2012 in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK$7,677,000, of which HK$2,865,000 will be due within one year, and the remaining will be due within two to four years.

The amounts included above for variable rate bank loans are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

5. FINANCIAL INSTRUMENTS *(Continued)*

Fair value of financial instruments

The fair values of the Group's financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flows analysis using prices or rates as input.

The directors consider the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate their fair values.

No analysis of fair value measurements is presented as the Group does not have financial instruments that are measured subsequent to initial recognition at fair value in the financial statements.

6. 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 **HK$'000**	2011 HK$'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

6. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Entity-wide information *(Continued)*

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

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

7. OTHER LOSSES

	2012 HK$'000	2011 HK$'000
Bad debts written off	**—**	(376)
Exchange loss, net	**(3,367)**	(2,396)
Impairment loss recognised in respect of club debentures	**—**	(364)
Loss on disposal of property, plant and equipment	**(46)**	(3)
	(3,413)	(3,139)

8. PROFIT BEFORE TAXATION

	2012 HK$'000	2011 HK$'000
Profit before taxation has been arrived at after charging:		
Directors' remuneration (Note 9)	**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
Auditor's remuneration		
— audit service	**1,680**	1,680
— non-audit services	**1,040**	1,000
Cost of inventories recognised as expenses	**290,220**	286,693
Depreciation	**5,724**	5,271
Operating lease rentals in respect of		
— land use rights	**376**	364
— motor vehicles	**2,523**	1,789
— rented premises and leasehold land	**3,048**	2,915
Royalty fees included in cost of goods sold*	**2,452**	3,100
and after crediting:		
Gross property rental income before deduction of outgoings	**1,443**	1,342
Less: Outgoings	**(310)**	(377)
	1,133	965
Government grants included in other income	**—**	1,548
Interest income	**88**	104
Subcontracting service income	**1,880**	—

* In 2005, the Group entered into an agreement with an independent Japanese company, No-Tape Industrial Co. Ltd., which provided technical assistance in producing and developing certain products of the Group (the "Agreement"). According to the Agreement, the Japanese company would charge the Group for royalty fees based on the volume of certain products sold by the Group. The Agreement was renewed in 2012 with a term of 3 years.

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

	2012 **HK$'000**	2011 HK$'000
Directors' fees	**—**	—
Other emoluments to independent non-executive directors		
— basic salaries and allowances	**360**	360
Other emoluments to executive directors		
— basic salaries and allowances	**7,672**	5,400
— bonus#	**340**	312
— retirement benefits scheme contributions	**575**	452
	8,947	6,524

The bonus is discretionary and decided by the Board of Directors based on the Group's profit for the year.

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

Details of emoluments paid by the Group to the directors of the Company are as follows:

	2012 **HK$'000**	2011 HK$'000
Executive directors		
Mr. Ieong Un		
— basic salaries and allowances	**2,160**	1,800
— bonus	**151**	156
— retirement benefits scheme contributions	**173**	161
	2,484	2,117
Mr. Ip Chin Wing		
— basic salaries and allowances	**1,440**	1,200
— bonus	**68**	50
— retirement benefits scheme contributions	**115**	97
	1,623	1,347
Mr. Ip Ka Lun		
— basic salaries and allowances	**1,440**	1,200
— bonus	**61**	49
— retirement benefits scheme contributions	**115**	97
	1,616	1,346
Mr. Stephen Graham Prince		
— basic salaries and allowances	**1,440**	1,200
— bonus	**48**	57
— retirement benefits scheme contributions	**115**	97
	1,603	1,354
Mr. Tong Yiu On		
— basic salaries and allowances	**1,192**	—
— bonus	**12**	—
— retirement benefits scheme contributions	**57**	—
	1,261	—
Independent non-executive directors		
Mr. Chan Wing Yau, George		
— basic salaries and allowances	**120**	120
Mr. Ho Chi Hang, Gilbert		
— basic salaries and allowances	**120**	120
Mr. Poon Yick Pang, Philip		
— basic salaries and allowances	**120**	120
	360	360
Total	**8,947**	6,524

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

The five highest paid individuals included five (2011: four) directors of the Company for the year ended 30 September 2012, details of whose emoluments are included above. The emoluments of the remaining highest paid individual during the year ended 30 September 2011 were as follows:

	HK$'000
Employee	
— basic salaries and allowances	252
— bonus	24
— retirement benefits scheme contributions	22
	298

During the year, no emoluments were paid by the Group to the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors have waived any emoluments during the year.

10. 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, 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.

10. TAXATION *(Continued)*

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

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

10. TAXATION *(Continued)*

Tax charge for the year is reconciled to profit before taxation as follows:

	2012 HK$'000	2012 %	2011 HK$'000	2011 %
Profit before taxation	**27,473**		26,231	
Tax at the applicable income tax rate[#]	**(6,868)**	**(25.0)**	(6,558)	(25.0)
Tax effect of expenses not deductible for tax purposes	**(3,041)**	**(11.1)**	(4,206)	(16.0)
Tax effect of income not taxable for tax purposes	**801**	**2.9**	3,084	11.4
Tax effect of tax exemption and tax concession granted to certain subsidiaries	**8,449**	**30.8**	5,845	22.3
Utilisation of tax losses previously not recognised	**—**	**—**	1,475	6.0
Tax effect of tax losses not recognised	**(1,694)**	**(6.2)**	(2,086)	(8.0)
Withholding tax on undistributed earnings	**—**	**—**	(341)	(1.4)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**639**	**2.3**	410	1.6
Underprovision in prior years	**(272)**	**(1.0)**	—	—
Tax charge and effective tax rate for the year	**(1,986)**	**(7.2)**	(2,377)	(9.1)

[#] The rate applied is the applicable tax rate in the PRC where the operation of the Group is substantially based.

11. 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 report.

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

13. INVESTMENT PROPERTIES

	HK$'000
Fair value	
At 1 October 2010	12,320
Net increase in fair value recognised in profit or loss during the year	8,430
At 30 September 2011	20,750
Net increase in fair value recognised in profit or loss during the year	2,680
At 30 September 2012	23,430

	2012	2011
	HK$'000	HK$'000
Investment properties held under medium-term leases are situated in		
— Macau	**20,300**	17,750
— PRC	**3,130**	3,000
	23,430	20,750

The fair value of the Group's investment properties at the end of the reporting period has been arrived at on the basis of a valuation carried out on that date by LCH (Asia-Pacific) Surveyors Limited, an independent qualified professional surveyor not connected with the Group. The professional surveyors of LCH (Asia-Pacific) Surveyors Limited are members of The Hong Kong Institute of Surveyors. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the similar locations and conditions and taking into account the current rent receivables from the existing tenancy agreements.

All of the Group's property interests held under operating leases to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

At 30 September 2012 and 30 September 2011, the Group pledged all of its investment properties to certain banks to secure the credit facilities granted to the Group.

14. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Construction in progress HK$'000	Total HK$'000
COST							
At 1 October 2010	22,577	6,466	7,159	3,439	15,871	179	55,691
Currency realignment	985	315	246	35	930	161	2,672
Additions	377	1,084	306	127	3,655	10,230	15,779
Write-off	—	(873)	—	—	—	—	(873)
Disposals	—	(15)	—	—	—	—	(15)
At 30 September 2011	23,939	6,977	7,711	3,601	20,456	10,570	73,254
Currency realignment	(55)	(18)	(14)	(3)	(59)	(14)	(163)
Additions	294	2,617	—	517	7,183	436	11,047
Disposals	—	(11)	—	(118)	(56)	(1,645)	(1,830)
At 30 September 2012	24,178	9,565	7,697	3,997	27,524	9,347	82,308
DEPRECIATION							
At 1 October 2010	5,297	5,048	4,509	2,735	6,178	—	23,767
Currency realignment	275	235	113	27	397	—	1,047
Provided for the year	1,198	514	986	420	2,153	—	5,271
Eliminated on write-off	—	(873)	—	—	—	—	(873)
Eliminated on disposals	—	(1)	—	—	—	—	(1)
At 30 September 2011	6,770	4,923	5,608	3,182	8,728	—	29,211
Currency realignment	(22)	(16)	(12)	(1)	(35)	—	(86)
Provided for the year	1,240	727	744	277	2,736	—	5,724
Eliminated on disposals	—	(11)	—	(111)	(17)	—	(139)
At 30 September 2012	7,988	5,623	6,340	3,347	11,412	—	34,710
CARRYING VALUES							
At 30 September 2012	16,190	3,942	1,357	650	16,112	9,347	47,598
At 30 September 2011	17,169	2,054	2,103	419	11,728	10,570	44,043

	2012 HK$'000	2011 HK$'000
Land and buildings held under medium-term leases are situated in		
— Macau	**3,176**	3,255
— PRC	**12,790**	13,775
— Vietnam	**224**	139
	16,190	17,169

At 30 September 2012, the Group pledged certain of its land and buildings with an aggregate carrying value of HK$14,500,000 (2011: HK$15,396,000) to certain banks to secure the credit facilities granted to the Group.

15. LAND USE RIGHTS

	2012 HK$'000	2011 HK$'000
Carrying amount		
At 1 October	**19,168**	18,670
Currency realignment	**(52)**	862
Charged to profit or loss during the year	**(376)**	(364)
At 30 September	**18,740**	19,168
Analysed for reporting purposes as:		
Current asset (included in trade and other receivables)	**376**	364
Non-current asset	**18,364**	18,804
	18,740	19,168
Land use rights held under medium-term leases are situated in		
— PRC	**16,814**	17,236
— Vietnam	**1,926**	1,932
	18,740	19,168

At 30 September 2012, the Group pledged certain of its PRC land use rights amounting to HK$398,000 (2011: HK$429,000) to certain banks to secure the credit facilities granted to the Group.

16. INVENTORIES

	2012 HK$'000	2011 HK$'000
Raw materials	**20,421**	26,300
Finished goods	**36,183**	53,920
	56,604	80,220

17. 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 in 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:

Age

	2012 HK$'000	2011 HK$'000
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 receivable 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.

17. TRADE, BILLS AND OTHER RECEIVABLES *(Continued)*

Aging of trade receivables which are past due but not impaired is as follows:

Age

	2012	2011
	HK$'000	HK$'000
0 to 30 days	**5,264**	12,076
31 to 60 days	**7,072**	2,776
61 to 90 days	**3,623**	921
91 to 180 days	**10,542**	242
181 to 365 days	**228**	—
Over 1 year	**58**	—
	26,787	16,015

In determining the recoverability of the trade receivables, the Group monitors change in the credit quality of the trade receivables since the credit was granted and up to the end of the reporting period.

Included in trade and other receivables are the following amounts denominated in currencies other than the functional currency of the relevant group companies.

	2012	2011
	HK$'000	HK$'000
New Taiwan dollar	**4,168**	4,477
Renminbi	**17,829**	10,352
United States dollar	**42,638**	55,737
	64,635	70,566

18. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. Bank balances carry interest at the prevailing market interest rate ranging from 0.01% to 3.1% per annum at 30 September 2012. The pledged bank deposits carry interest at the prevailing market interest rate ranging from 0.01% to 0.5% per annum at 30 September 2012 (2011: 0.03% to 0.4%). Pledged bank deposits are to secure certain bills payables, bank overdrafts, short-term bank loans and current portion of secured long-term bank loans and are therefore classified as current assets.

18. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH *(Continued)*

Included in pledged bank deposits and bank balances and cash are the following amounts denominated in currency other than the functional currency of the relevant group companies.

	2012 HK$'000	2011 HK$'000
Renminbi	13	11
United States dollar	15,993	18,108
	16,006	18,119

19. TRADE, BILLS AND OTHER PAYABLES

	2012 HK$'000	2011 HK$'000
Trade payables	20,167	39,200
Bills payables — 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 payables based on the invoice date at the end of the reporting period:

Age

	2012 HK$'000	2011 HK$'000
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

19. TRADE, BILLS AND OTHER PAYABLES *(Continued)*

Included in trade and other payables are the following amounts denominated in currency other than the functional currency of the relevant group companies.

	2012 HK$'000	2011 HK$'000
Euro	**91**	2,612
New Taiwan dollar	**160**	3,476
Renminbi	**6,235**	3,173
United States dollar	**5,906**	27,861
	12,392	37,122

20. AMOUNT DUE TO A RELATED COMPANY

The amount due to Easy Ray Holdings Limited, a company which is controlled by Mr. Ieong Un, is unsecured, interest-free and is repayable on demand.

21. SECURED LONG-TERM BANK LOANS

The bank loans are repayable as follows:

	2012 HK$'000	2011 HK$'000
Carrying amount that contains a repayment on demand clause		
— repayable within one year*	**2,599**	3,537
— repayable after one year from the end of the reporting period*	**4,572**	7,167
	7,171	10,704
Less: Amounts shown under current liabilities	**7,171**	10,704
	—	—

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The long-term bank loans carry variable interests at the best lending rate in Macau or Hong Kong Interbank Borrowing Rate ("HIBOR"). At 30 September 2012, the Group had variable rate bank loans which carry effective interest at 3.50% (2011: 3.50%) per annum.

At 30 September 2012, the Group had available credit facilities amounting to HK$56,812,000 (2011: HK$40,366,000).

All long-term bank loans are denominated in HK$.

22. SECURED SHORT-TERM BANK LOANS

	2012 HK$'000	2011 HK$'000
Short-term bank loans	**24,947**	22,959
Trust receipt loans	**3,729**	3,489
	28,676	26,448

The short-term bank loans and trust receipt loans carry variable interests at the best lending rate in Macau, or HIBOR, or at rates offered by the People's Bank of China. At 30 September 2012, the Group's short-term bank loans and trust receipt loans carried effective interest at 2.17% to 4.75% (2011: 4.10% to 5.25%) per annum.

Included in short-term bank loans and trust receipt loans are the following amounts denominated in currency other than the functional currency of the relevant group companies.

	2012 HK$'000	2011 HK$'000
United States dollar	**16,947**	17,959

23. BANK OVERDRAFTS — SECURED

At 30 September 2012, bank overdrafts carried interest at the prevailing market rate ranging from 4.75% to 5.5% (2011: 4.75% to 5.5%) per annum.

24. DEFERRED TAXATION

The following is the deferred taxation recognised and movements thereon during the year:

	Withholding tax on undistributed earnings HK$'000	Revaluation surplus of investment properties HK$'000	Total HK$'000
At 1 October 2010	1,499	791	2,290
Currency realignment	96	—	96
Charged to profit or loss during the year	341	1,011	1,352
At 30 September 2011	1,936	1,802	3,738
Currency realignment	(7)	—	(7)
Charged to profit or loss during the year	—	322	322
At 30 September 2012	1,929	2,124	4,053

24. DEFERRED TAXATION *(Continued)*

Also, at 30 September 2012, the Group had tax losses of HK$18,264,000 (2011: HK$11,488,000) not recognised as deferred tax asset as it is not probable that taxable profit will be available against which the tax losses can be utilised. These unrecognised tax losses will expire as follows:

	2012	2011
	HK$'000	HK$'000
Tax losses will expire in		
— 2014	**3,144**	3,144
— 2015	**8,344**	8,344
— 2016	**6,776**	—
	18,264	11,488

25. SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised, issued and fully paid		
— at 1 October 2010, 30 September 2011 and 30 September 2012	500,000,000	5,000

26. SHARE OPTION SCHEME

Pursuant to a resolution passed on 22 July 2010, the Company adopted a share option scheme (the "Option Scheme"), which will expire on 21 July 2020, for the purpose of providing incentives or reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest. Under the Option Scheme, the directors of the Company may grant options to any employees (including any executive directors), non-executive directors, suppliers of goods or services and customers of the Group; and consultant, adviser, manager, officer or entity that provides research, development or other technological support to the Group.

26. SHARE OPTION SCHEME *(Continued)*

Options granted must be accepted by an eligible person within 21 business days from the date of grant, provided that such date shall not be more than 10 years after the date of adoption of the Option Scheme. A consideration of HK$1 is payable on acceptance. An option may be exercised in whole or in part by the grantee (or his legal personal representatives) at any time before the expiry of the period to be determined and notified by the Board of Directors to the grantee which in any event shall not be longer than 10 years commencing on the date of the offer letter and expiring on the last day of such ten-year period subject to the provisions for early termination as contained in the Option Scheme. The exercise price is determined by the directors of the Company, and will be at least the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares on the date of grant. The maximum number of shares in respect of which options may be granted under the Option Scheme may not exceed in nominal amount of 10% of issued share capital of the Company at any point of time without prior approval from the Company's shareholders. Besides, the total maximum number of shares which may be issued upon exercise of all outstanding share options must not exceed 30% of the issued share capital from time to time. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point of time.

During both years, no share options were granted by the Company nor exercised by any employees.

27. 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 and leasehold land	
	2012	2011
	HK$'000	HK$'000
Within one year	**2,298**	2,322
In the second to fifth year inclusive	**3,853**	4,295
After five years	**2,548**	2,974
	8,699	9,591

27. OPERATING LEASE ARRANGEMENTS *(Continued)*

The Group as lessee *(Continued)*

	Motor vehicles 2012 HK$'000	Motor vehicles 2011 HK$'000
Within one year	**528**	437
In the second to fifth year inclusive	**341**	—
	869	437

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

At 30 September 2012, commitment for operating lease rentals for rented premises in the above included commitment with Mr. Ieong Un as follow:

	2012 HK$'000	2011 HK$'000
Within one year	**293**	720
In the second to fifth year inclusive	**—**	240
	293	960

The Group as lessor

	2012 HK$'000	2011 HK$'000
Within one year	**1,324**	1,421
In the second to fifth year inclusive	**1,027**	316
	2,351	1,737

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

At 30 September 2012, commitment for operating lease rental income in the above included commitment with a company which is controlled by Mr. Ieong Un as follow:

	2012 HK$'000	2011 HK$'000
Within one year	**30**	70
In the second to fifth year inclusive	**—**	30
	30	100

28. CAPITAL COMMITMENTS

	2012 HK$'000	2011 HK$'000
Capital expenditure authorised but not contracted for in respect of the acquisition of property, plant and equipment	**34,604**	31,081
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment	**5,889**	5,210

29. RETIREMENT BENEFITS SCHEME

The employees employed by the operations in Macau are members of the government-managed retirement benefits schemes operated by the Macau government. The Macau operations are required to pay a monthly fixed contribution to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes operated by the Macau government is to make the required contributions under the schemes.

The employees of the Group's PRC and Vietnam subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC and Vietnam government respectively. The PRC and Vietnam subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

The total cost charged to profit or loss of HK$2,882,000 (2011: HK$2,014,000) represents contributions paid or payable to these schemes by the Group in respect of the current accounting period.

30. RELATED PARTY TRANSACTIONS

Save as the amount due to a related company disclosed in note 20, during the year, the Group has the following significant transactions with related parties:

	2012 HK$'000	2011 HK$'000
Property rental expenses paid to Mr. Ieong Un	**884**	833
Property rental income received from a related company, which is controlled by Mr. Ieong Un	**70**	67
Purchase of club debentures from a related company, which is controlled by Mr. Ieong Un	**—**	1,444

The details of remuneration of key management personnel of the Group include the directors (2011: directors and employee) whose emoluments during the year are set out in note 9.

31. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

As at 30 September 2012, the carrying amounts of the Company's investments in subsidiaries, share capital and reserves amounted to HK$119,019,000, HK$5,000,000 and HK$183,508,000 respectively (2011: HK$119,019,000, HK$5,000,000 and HK$194,472,000).

32. EVENT AFTER THE REPORTING PERIOD

On 11 October 2012, Keen Castle Limited ("Keen Castle"), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement (the "Agreement") with Mr. Ieong Un. Pursuant to the Agreement, Keen Castle has conditionally agreed to acquire and Mr. Ieong Un has conditionally agreed to sell 100% of the entire issued share capital in Rank Best Investments Limited ("Rank Best") and all the obligations, liabilities and debts owing or incurred by Rank Best and its subsidiaries to Mr. Ieong Un. The consideration of the acquisition is HK$45,000,000 and shall be satisfied by Keen Castle in the following manner: (a) HK$9,000,000 being the deposit and part of the consideration; and (b) HK$36,000,000 shall be satisfied by Keen Castle procuring the Company to allot and issue 69,230,769 new shares to Mr. Ieong Un or his nominee.

Rank Best and its subsidiaries are principally engaged in the trading of electronic adhesive used in the production of electronic products. Upon the completion of the above transaction, Rank Best and its subsidiaries will become wholly-owned subsidiaries of the Company. Details of the transactions are set out in the circular of the Company dated 10 December 2012. The above transaction constitutes a connected transaction on the part of the Company and will be subject to the approval by the independent shareholders at the extraordinary general meeting of the Company which will be held on 28 December 2012. The Group is in the process of finalising the relevant financial information of the transaction, and accordingly, the financial impact of the above transactions to the Group is not disclosed.

33. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries, all of which are wholly-owned by the Company, at the end of both reporting periods are as follows:

Name of subsidiary	Place of incorporation/ establishment/operations	Nominal value of issued and fully paid share capital/registered capital/charter capital/ quota capital	Principal activities
Benino	British Virgin Islands/PRC	Shares — US$35	Provision of research and development and technical assistance services
Bracorp	British Virgin Islands/PRC	Shares — US$100	Provision of promotion and marketing services
Vietnam Centresin	Socialist Republic of Vietnam	Charter capital — US$437,000	Processing and packaging of adhesive products
Great Oasis International Limited	British Virgin Islands/Macau	Shares — US$100	Trading of raw materials and adhesive products
Keen Castle Limited*	British Virgin Islands	Shares — US$2,000	Investment holding
Iao Son Hong Tinta e Vernizes Limitada	Macau	Quota capital — MOP900,000	Provision of agency services for the Group's raw materials procurement and distribution of adhesive products
Zhong Bu Centresin (Bangladesh) Company Ltd.	People's Republic of Bangladesh	Shares — BDT100,000	Factory construction in progress
Zhuhai Centresin	PRC for a term of 30 years commencing 29 July 1999 as a wholly foreign owned enterprise	Registered capital — HK$31,000,000	Manufacture of adhesive products
中部樹脂(廣州)有限公司 (Zhong Bu Centresin (Guangzhou) Company Limited)	PRC for a term of 50 years commencing 10 December 2009 as a wholly foreign owned enterprise	Registered capital — US$3,360,000	Factory construction in progress
Zhongshan Macson	PRC for a term of 15 years commencing 22 September 1998 as a wholly foreign owned enterprise	Registered capital — HK$5,800,000	Manufacture of adhesive products

* Directly held by the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affect the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding at the end of the reporting period or at any time during the year.

Financial Summary

	Year ended 30 September				
	2008	2009	2010	2011	**2012**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
RESULTS					
Turnover	287,808	267,579	296,040	373,554	**395,783**
Profit before taxation	29,337	32,077	16,316	26,231	**27,473**
Taxation	(753)	(1,380)	(251)	(2,377)	**(1,986)**
Profit for the year	28,584	30,697	16,065	23,854	**25,487**

	As at 30 September				
	2008	2009	2010	2011	**2012**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
ASSETS AND LIABILITIES					
Total assets	206,996	178,607	233,997	313,023	**310,231**
Total liabilities	(96,135)	(61,969)	(66,763)	(126,612)	**(104,614)**
Net assets	110,861	116,638	167,234	186,411	**205,617**

The results and summary of assets and liabilities for each of the two years ended 30 September 2009 which were extracted from the Company's prospectus dated 29 July 2010 have been prepared on a combined basis to indicate the results of the Group as if the group structure, at the time when the Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited, has been in existence throughout those years.