Infinity Chemical Holdings Company Limited

星謙化工控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 640

Interim Report 2013

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

LEGAL ADVISOR

Michael Li & Co.
19/F, Prosperity Tower
No. 39 Queen's Road Central
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR

Royal Bank of Canada Trust
Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1–1110
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

Management Discussion and Analysis

RESULTS

The Group's turnover for the six months ended 31 March 2013 (the "Period") was approximately HK$192,668,000 (2012: HK$188,236,000), representing an increase of 2.4% over the corresponding period last year. Profit attributable to the owners of the Company amounted to approximately HK$14,200,000, representing an increase of approximately 136.6% as compared to the corresponding period last year. During the Period, the sales of the Group recorded a growth in major regions and the selling price of our products remained relatively stable.

During the Period, the Group recorded a gross profit of approximately HK$54,128,000 (2012: HK$43,375,000) and profit before taxation of approximately HK$16,309,000 (2012: HK$7,117,000).

Benefit from the effective implementation of production cost control, a higher gross profit margin was record. The increased gross profit of approximately HK$10,753,000 exceed the operating cost, including the increased administrative expenses of HK$8,628,000, of which the accountancy costs, salaries and office expenses increased by approximately HK$6,612,000.

Excluding the changes in fair value and the recognised deferred taxes of investment properties for the Period of approximately HK$8,540,000 and HK$1,017,000 respectively, the profit for the Period was approximately HK$6,677,000, representing an increase of approximately 11.3% as compared to the profit for the same period last year of approximately HK$6,001,000.

During the Period, profit for the year attributable to the owners of the Company amounted to approximately HK$14,200,000 (2012: HK$6,001,000) and basic earnings per share was HK2.8 cents (2012: HK1.2 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 and trading of adhesive used in production of electronic products. These products are key production materials used in the different phases during the footwear and electronic products 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. The electronic adhesives are key materials used in bonding components in electronic products.

Segment Information

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

Products

1. *Adhesives*

   During the Period, the sales revenue generated from this product category was approximately HK$89,402,000 (2012: HK$97,218,000), representing approximately 46.4% of the Group's total turnover.

2. *Primers*

   During the Period, the sales revenue generated from this product category was approximately HK$38,705,000 (2012: HK$43,293,000), representing approximately 20.1% of the Group's total turnover.

3. *Hardeners*

   During the Period, the sales revenue generated from this product category was approximately HK$18,980,000 (2012: HK$22,159,000), representing approximately 9.9% of the Group's total turnover.

4. *Vulcanized shoes adhesive related products*

   During the Period, the sales revenue generated from this product category was approximately HK$31,219,000 (2012: HK$24,018,000), representing approximately 16.2% of the Group's total turnover.

5. *Electronic adhesives*

   During the Period, the sales revenue generated from this product category was approximately HK$10,769,000 (2012: HK$Nil), representing approximately 5.6% of the Group's total turnover.

Regional Information

1. *The PRC market*

   During the Period, by region, the turnover in the PRC market increased by 4.3% over the corresponding period last year to approximately HK$101,050,000 (2012: HK$96,930,000), representing approximately 52.5% of the Group's total turnover. The Directors expected that the relevant market would continue to maintain a steady growth in the future.

2. The Vietnamese market

During the Period, by region, the turnover in the Vietnamese market increased by 16.9% over the corresponding period last year to approximately HK$78,507,000 (2012: HK$67,147,000), representing approximately 40.7% of the Group's total turnover. The Directors expected that the relevant market would keep a rapid growth in the future.

3. The Indonesian market

During the Period, by region, the turnover in the Indonesian market decreased by 52.8% over the corresponding period last year to approximately HK$9,514,000 (2012: HK$20,136,000), representing approximately 4.9% of the Group's total turnover. The Directors expected that the relevant market would continue to maintain a steady growth in the future.

4. The Bangladeshi market

During the Period, by region, the turnover in the Bangladeshi market decreased by 10.6% over the corresponding period last year to approximately HK$3,597,000 (2012: HK$4,023,000), representing approximately 1.9% of the Group's total turnover. The Directors expected that the relevant market would keep steady in the future.

Production Facilities

1. 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 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.

2. The Zhongshan Plant:

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.

3. *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.

4. *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.

5. *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 in 2012 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 resources 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 2013 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 six months ended 31 March 2013, the Group's working capital requirement was principally financed by its internal resources and banking facilities.

As at 31 March 2013, the Group had cash and bank balances and deposits, net current assets and total assets less current liabilities of approximately HK$47,988,000 (30 September 2012 (restated): HK$38,085,000), approximately HK$113,121,000 (30 September 2012 (restated): HK$118,522,000) and approximately HK$254,487,000 (30 September 2012 (restated): HK$211,941,000) respectively.

As at 31 March 2013, the Group had total bank borrowings, on floating interest rates basis, of approximately HK$28,093,000 (30 September 2012 (restated): HK$57,975,000). All these utilised bank borrowings was short term and were secured by bank deposits, land use rights, land and buildings and investment properties held under medium-term leases.

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

Total equity attributable to owners of the Company as at 31 March 2013 increased by approximately HK$41,471,000 to approximately HK$248,956,000. The gearing ratio (calculated as the ratio of total borrowings: total assets) of the Group as at 31 March 2013 was approximately 0.08 (30 September 2012 (restated): 0.18).

During the Period, the Group had acquired the entire issued share capital and sale loan of Rank Best Investments Limited and its subsidiaries (collectively, the "Rank Best Group") at an aggregate consideration of HK$45,000,000, of which HK$36,000,000 of the consideration has been satisfied by the issue of ordinary shares of 69,230,769 of HK$0.01 each of the Company at the issue price of HK$0.52 per consideration share under the specific mandate granted to the Directors of the Company at the extraordinary general meeting of the Company held on 28 December 2012. The transaction had completed on 22 March 2013.

Saved as disclosed above, there was no other changes in Company's share capital.

Significant Investments

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

Acquisition and Disposal of Subsidiaries and Associated Companies

On 11 October 2012, the Group entered into an agreement to acquire the entire equity interest in 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. 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Details of the transaction have been published in the Company's announcements and circular dated 11 October 2012, 28 December 2012 and 10 December 2012 respectively.

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 Period.

Employee Information

As at 31 March 2013, the Group employed a total of 375 (2012: 317) employees. It is the policy of the Group to provide and regularly review its employees' pay levels, performance bonus system and other fringe benefits (including social insurance coverage and company sponsored training) to ensure that the remuneration policy is competitive within the relevant industry. During the Period, the staff costs (including Directors' emoluments) amounted to approximately HK$18,328,000 (2012: HK$14,139,000).

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

Charges on Group Assets

As at 31 March 2013, certain interests in land use rights, land and buildings and investment properties held under medium-term leases of approximately HK$42,646,000 (30 September 2012 (restated): HK$38,328,000) and bank deposits of HK$18,010,000 (30 September 2012 (restated): HK$22,709,000) were pledged to banks for bank borrowings totalling approximately HK$28,093,000 (30 September 2012 (restated): HK$57,975,000) granted to the Group.

Future Plans for Material Investments and Expected Sources of Funding

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

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

Exposure to Fluctuations in Exchange Rates

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

Capital Commitments

As at 31 March 2013, the Group had capital commitments of approximately HK$34,485,000 (30 September 2012 (restated): HK$40,493,000) in respect of the acquisition of property, plant and equipment.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 March 2013.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend (2012: Nil) for the six months ended 31 March 2013.

On behalf of the Board
Tong Yiu On
Director

Hong Kong, 30 May 2013

Other Information

SUBSTANTIAL SHAREHOLDERS

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

As at 31 March 2013 and the date of this interim report, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") are as follows:

(i) Interests in the Company

Name of Director	Capacity	Number of Shares held	Position	Percentage of shareholding
Mr. Ieong Un ("Mr. Ieong") (note)	Interest in controlled corporation	342,500,000	Long	60.17%
	Beneficial owner	70,126,769	Long	12.32%

Note: These Shares are held by All Reach Investments Limited ("All Reach"), the entire issued share capital of which is wholly and beneficially owned by Mr. Ieong. By virtue of the SFO, Mr. Ieong is deemed to be interested in the entire 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	Beneficial owner	Long	100	100%

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

Interests of Substantial Shareholders

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

Name of shareholder	Capacity	Number of Shares	Position	Percentage of shareholding
All Reach Investments Limited (note 1)	Beneficial owner	342,500,000	Long	60.17%
Chan Sut Kuan ("Mrs. Ieong") (notes 1 and 2)	Interest of spouse	412,626,769	Long	72.49%

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 70,126,769 Shares. Mrs. Ieong is the spouse of Mr. Ieong and is therefore deemed to be interested in the 412,626,769 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).

MATERIAL LITIGATION

As at 31 March 2013, the Group had no material litigation or arbitration pending (as at 31 March 2012: Nil).

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

During the Period and up to the date of this interim report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CONTINUING CONNECTED TRANSACTION

On 27 February 2013, Guangzhou Branch, Centresin Chemical Products Ltd., Zhuhai (珠海市澤濤黏合製品有限公司廣州分公司) ("Zhuhai Centresin") entered into a lease agreement with Mr. Ieong Un ("Mr. Ieong") for the grant of the lease in respect of the office premises located at House nos. 201 to 210 on Level 2, Nos. 79 to 111, Yiju Street, Nanzhou Road, Haizhu District, Guangzhou City, Guangdong Province, the PRC (中國廣東省廣州市海珠區南洲路怡居街79–111號2樓201–210號) of gross floor area of approximately 2,000 square metres by Mr. Ieong to Zhuhai Centresin for a term of three years commencing from 1 March 2013 to 29 February 2016 (the "Lease Agreement"). The annual cap amounts of which are RMB1,164,000, RMB1,222,200 and RMB1,283,310 for each of the three years respectively. Details of the transaction were set out in the announcements of the Company dated 27 February 2013 and 6 March 2013.

Zhuhai Centresin was an indirect wholly-owned subsidiary of the Company and Mr. Ieong was a Director and substantial shareholder of the Company; therefore Mr. Ieong was a connected person of the Company within the meaning of the Listing Rules and the transactions contemplated under the Lease Agreement constituted a continuing connected transaction.

The independent non-executive Directors will comply with the annual review requirement on the continuing connected transaction according to Rules 14A.37 and 14A.38 of the Listing Rules at the year end.

CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") during the Period contained in Appendix 14 to the Listing Rules, save for the deviation discussed below:

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

AUDIT COMMITTEE

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

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 unaudited interim results of the Group for the six months ended 31 March 2013.

The Company's external auditor, Deloitte Touche Tohmatsu, has conducted a review of the interim financial information of the Group for the six months ended 31 March 2013 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted 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 during the Period.

SUFFICIENCY OF PUBLIC FLOAT

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

DISCLOSURE OF INFORMATION

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

Report on Review of Interim Financial Information

Deloitte.
德勤

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 19 to 40, which comprises the condensed consolidated statement of financial position of Infinity Chemical Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 31 March 2013 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

OTHER MATTER

As indicated in note 3 to the condensed consolidated financial information, the Company has accounted for the acquisition of Rank Best Investment Limited and its subsidiaries using the merger accounting method, based on the guidance set out in Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants, for the six months ended 31 March 2013. The comparative condensed consolidated statement of financial position as at 30 September 2012 of the Group and the related disclosure notes have been restated but the merger accounting restatement adjustments have not yet been subjected to audit. There was no impact on the comparative condensed consolidated profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six months ended 31 March 2012 as the date on which the combining entities first come under common control was 29 May 2012.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
30 May 2013

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 March 2013

	NOTES	Six months ended 31 March 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited)
Turnover	4	**192,668**	188,236
Cost of goods sold		**(138,540)**	(144,861)
Gross profit		**54,128**	43,375
Other income		**1,699**	1,617
Changes in fair value of investment properties		**8,540**	—
Other losses	5	**(3,554)**	(1,477)
Research and development costs		**(886)**	(991)
Selling and distribution costs		**(8,537)**	(8,264)
Administrative expenses		**(34,575)**	(25,947)
Interest on bank borrowings wholly repayable within five years		**(506)**	(1,196)
Profit before taxation	6	**16,309**	7,117
Taxation	7	**(2,109)**	(1,116)
Profit for the period		**14,200**	6,001
Other comprehensive income			
— exchange differences arising on translation of foreign operations which may be reclassified subsequently to profit or loss		**769**	381
Total comprehensive income for the period		**14,969**	6,382
Earnings per share — Basic	9	**HK2.82 cents**	HK1.20 cents

Condensed Consolidated Statement of Financial Position

At 31 March 2013

	NOTES	31 March 2013 HK$'000 (unaudited)	30 September 2012 HK$'000 (restated and unaudited)
Non-current assets			
Investment properties	10	**31,970**	23,430
Property, plant and equipment	11	**48,275**	47,745
Land use rights		**18,196**	18,364
Intangible assets	19	**40,000**	—
Deposits made on acquisition of property, plant and equipment		**1,845**	2,800
Club debentures		**1,080**	1,080
		141,366	93,419
Current assets			
Inventories		**73,466**	59,424
Trade, bills and other receivables	12	**87,837**	125,968
Pledged bank deposits		**18,010**	22,709
Bank balances and cash		**29,978**	15,376
		209,291	223,477
Current liabilities			
Trade, bills and other payables	13	**43,835**	34,872
Amount due to a related company	14	**22,000**	10,000
Taxation		**2,242**	2,108
Current portion of secured long-term bank loans	15	**11,856**	7,171
Secured short-term bank loans	15	**13,265**	28,676
Bank overdrafts — secured	15	**2,972**	22,128
		96,170	104,955
Net current assets		**113,121**	118,522
Total assets less current liabilities		**254,487**	211,941

	NOTES	**31 March 2013 HK$'000 (unaudited)**	30 September 2012 HK$'000 (restated and unaudited)
Non-current liabilities			
Deferred taxation		**5,531**	4,456
Net assets		**248,956**	207,485
Capital and reserves			
Share capital	16	**5,692**	5,000
Reserves		**243,264**	202,485
Total equity		**248,956**	207,485

The condensed consolidated financial information on pages 19 to 40 was approved and authorised for issue by the Board of Directors on 30 May 2013 and is signed on its behalf by:

IP CHIN WING
EXECUTIVE DIRECTOR

IP KA LUN
EXECUTIVE DIRECTOR

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 March 2013

	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 2012 (originally stated)	5,000	63,546	884	10,027	459	1,814	123,887	205,617
Merger accounting restatement	—	—	3,211	7	—	—	(947)	2,271
HKAS 12 (amendments) restatement	—	—	—	—	—	—	(403)	(403)
At 1 October 2012 (restated and unaudited)	5,000	63,546	4,095	10,034	459	1,814	122,537	207,485
Profit for the period	—	—	—	—	—	—	14,200	14,200
Exchange differences arising on translation of foreign operations	—	—	—	769	—	—	—	769
Total comprehensive income for the period	—	—	—	769	—	—	14,200	14,969
Acquisition of subsidiaries under common control	—	—	(2,998)	—	—	—	—	(2,998)
Acquisition of intangible assets	692	35,308	—	—	—	—	—	36,000
Dividends recognised as distribution	—	—	—	—	—	—	(6,500)	(6,500)
	692	35,308	(2,998)	—	—	—	(6,500)	26,502
At 31 March 2013 (unaudited)	5,692	98,854	1,097	10,803	459	1,814	130,237	248,956
At 1 October 2011 (originally stated)	5,000	63,546	884	10,308	459	1,814	104,400	186,411
HKAS 12 (amendments) restatement	—	—	—	—	—	—	(345)	(345)
At 1 October 2011 (restated)	5,000	63,546	884	10,308	459	1,814	104,055	186,066
Profit for the period	—	—	—	—	—	—	6,001	6,001
Exchange differences arising on translation of foreign operations	—	—	—	381	—	—	—	381
Total comprehensive income for the period	—	—	—	381	—	—	6,001	6,382
Dividends recognised as distribution	—	—	—	—	—	—	(6,000)	(6,000)
At 31 March 2012 (unaudited)	5,000	63,546	884	10,689	459	1,814	104,056	186,448

The special reserve represents the aggregate of:

(i) 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; and

(ii) the difference between the consideration paid by Keen Castle Limited, a wholly-owned subsidiary of the Company, for the acquisition of the entire equity interest in Rank Best Investment Limited and its subsidiaries ("Rank Best Group") under common control and the aggregate carrying amount of assets and liabilities acquired in Rank Best Group.

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 until the legal reserve reaches 50% of the respective subsidiaries' registered capital. For the six months ended 31 March 2013 and 31 March 2012, no amount was transferred from annual net profits as the minimum legal reserve requirement was met. The legal reserve is not distributable to equity holders.

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 March 2013

	Six months ended 31 March	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Net cash from operating activities	**43,634**	19,990
Investing activities		
Interest received	**26**	44
Purchase of property, plant and equipment	**(2,004)**	(1,348)
Deposits paid on acquisition of property, plant and equipment	**—**	(652)
Acquisition of intangible assets	**(4,000)**	—
Placement of pledged bank deposits	**(18,010)**	(23,793)
Withdrawal of pledged bank deposits	**22,709**	16,725
Net cash used in investing activities	**(1,279)**	(9,024)
Financing activities		
Interest paid	**(506)**	(1,196)
Dividends paid	**(6,500)**	(6,000)
Borrowings from a related company	**12,000**	—
Bank loans raised	**29,785**	25,908
Repayment of bank loans	**(40,632)**	(26,973)
Deemed distribution for acquiring subsidiaries under common control	**(2,998)**	—
Net cash used in financing activities	**(8,851)**	(8,261)
Net increase in cash and cash equivalents	**33,504**	2,705
Cash and cash equivalents at 1 October	**(6,752)**	4,644
Effect of foreign exchange rate changes	**254**	(39)
Cash and cash equivalents at 31 March	**27,006**	7,310
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**29,978**	17,938
Bank overdrafts	**(2,972)**	(10,628)
	27,006	7,310

1. BASIS OF PREPARATION

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial information for the six months ended 31 March 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 30 September 2012, except for as described below.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Accounting Standards issued by the HKICPA.

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets

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

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income'. In addition, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The Group has applied the new terminology to rename 'statement of comprehensive income' as 'statement of profit or loss and other comprehensive income' and made additional disclosures in the other comprehensive income section such that items of other comprehensive income may be reclassified subsequently to profit or loss is disclosed.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Amendments to HKAS 12 "Deferred tax: Recovery of underlying assets"

Under the amendments to HKAS 12 "Deferred tax: Recovery of underlying assets", investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment property" are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group's investment properties are situated in Mainland China (the "PRC") and Macau, which are measured using the fair value model. For the purpose of application of the amendments to HKAS 12, the directors reviewed the Group's investment properties portfolios and concluded that the Group's investment properties situated in the PRC and Macau amounting to HK$31,970,000 (1 October 2011: HK$20,750,000) are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, and that the presumption set out in the amendments to HKAS 12 is not rebutted.

As a result of the application of the amendments to HKAS 12, the Group has recognised additional deferred taxes on changes in fair value of the investment properties in PRC as investment properties in the PRC are subjected to land appreciation tax in addition to income tax on disposal. Application of the amendments to HKAS 12 has no impact on deferred taxes on changes in fair value of the investment properties in Macau as same tax rate was applied to income generated through use of investment properties or through disposal of investment properties. Previously, the Group recognised deferred taxes on changes in fair value of the investment properties on the basis that the entire carrying amounts of such properties were recovered through use.

The amendments to HKAS 12 have been applied retrospectively. The effect of this change in accounting policy is set out in note 3.

In addition, the Group adopted the following accounting policies during the current period for the acquisition of intangible assets by issuing new shares of the Company.

Intangible assets

Intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets is recognised on a straight-line basis over their estimated useful lives. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment transactions

Share issued in exchange for intangible assets are measured at the fair values of the intangible assets acquired, unless that fair value cannot be reliably measured, in which case the intangible assets acquired are measured by reference to the fair value of the shares issued.

3. MERGER ACCOUNTING AND RESTATEMENT

Mr. Ieong Un, the ultimate controlling shareholder of the Company, acquired 廣州市雅威貿易有限公司 (Guangzhou Shi Yawei Trading Company Limited) ("GSY") from independent third parties on 29 May 2012. Through a group reorganisation by set up certain newly incorporated companies in the second half of 2012, Rank Best Investment Limited became the holding company of the target group including GSY (the "Rank Best Group") on 11 October 2012.

The Group acquired Rank Best Group from Mr. Ieong Un on 22 March 2013, which is considered as business combination involving entities under common control and has been accounted for using the merger accounting method, based on the guidance set out in Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA, for the six months ended 31 March 2013. Further details are set out in note 19.

The condensed consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the current period and the condensed consolidated statement of financial position of the Group as at 30 September 2012 are prepared as if the current group structure had been in existence throughout the reporting period, or since the date of incorporation or acquisition of the relevant entities, where this is a shorter period. Accordingly, there was no impact on the comparative condensed consolidated profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six months ended 31 March 2012. The comparative condensed consolidated statement of financial position as at 30 September 2012 of the Group and the related disclosure notes have been restated but the merger accounting restatement adjustments have not yet been subjected to audit.

3. MERGER ACCOUNTING AND RESTATEMENT *(Continued)*

The effects of the merger accounting restatement and amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" (see note 2) on the condensed consolidated statement of financial position as at 30 September 2012 by line items are as follows:

	30.9.2012 HK$'000 (originally stated)	Merger accounting restatement HK$'000	30.9.2012 HK$'000 (after merger accounting restatement)	Adjustments on application of amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" HK$'000	30.9.2012 HK$'000 (restated)
Non-current assets					
Investment properties	23,430	—	23,430	—	23,430
Property, plant and equipment	47,598	147	47,745	—	47,745
Land use rights	18,364	—	18,364	—	18,364
Deposits made on acquisition of property, plant and equipment	2,800	—	2,800	—	2,800
Club debentures	1,080	—	1,080	—	1,080
	93,272	147	93,419	—	93,419
Current assets					
Inventories	56,604	2,820	59,424	—	59,424
Trade, bills and other receivables	123,038	2,930	125,968	—	125,968
Pledged bank deposits	22,709	—	22,709	—	22,709
Bank balances and cash	14,608	768	15,376	—	15,376
	216,959	6,518	223,477	—	223,477
Current liabilities					
Trade, bills and other payables	30,843	4,029	34,872	—	34,872
Amount due to a related company	10,000	—	10,000	—	10,000
Taxation	1,743	365	2,108	—	2,108
Current portion of secured long-term bank loans	7,171	—	7,171	—	7,171
Secured short-term bank loans	28,676	—	28,676	—	28,676
Bank overdrafts — secured	22,128	—	22,128	—	22,128
	100,561	4,394	104,955	—	104,955
Net current assets	116,398	2,124	118,522	—	118,522
Total assets less current liabilities	209,670	2,271	211,941	—	211,941
Non-current liabilities					
Deferred taxation	4,053	—	4,053	403	4,456
Net assets	205,617	2,271	207,888	403	207,485
Capital and reserves					
Share capital	5,000	—	5,000	—	5,000
Reserves	200,617	2,271	202,888	(403)	202,485
Total equity	205,617	2,271	207,888	(403)	207,485

3. MERGER ACCOUNTING AND RESTATEMENT *(Continued)*

The effect of the amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" described above on the financial positions of the Group as at the beginning of the comparative period, i.e. 1 October 2011, is as follows:

	As at 1 October 2011 (originally stated)	**Adjustments**	**As at 1 October 2011 (after HKAS 12 amendments)**
	HK$'000	HK$'000	HK$'000
Deferred tax liabilities	3,738	345	4,083
Total effects on net assets	3,738	345	4,083
Retained profits	104,400	(345)	104,055
Total effects on equity	104,400	(345)	104,055

The amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Asses" has no impact on the results and basic earnings per share for the current and preceding interim period in the condensed consolidated statement of profit or loss and other comprehensive income since the changes in fair value during the period is attributable to the investment properties in Macau and there was no fair value change in preceding period.

4. TURNOVER AND SEGMENT INFORMATION

Before the merger of Rank Best Group, 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. During the six months ended 31 March 2013, the Group acquired Rank Best Group which is engaged in the trading of adhesives used in the production of electronic products. The executive directors of the Company regularly review revenue analysis by products, including vulcanized shoes adhesive related products, electronic adhesives, other adhesives, primers, hardeners and others, and by locations. However, other than revenue analysis, no operating result and other discrete financial information is available for the assessment of performance of the respective products and locations. The executive directors of Company considered that the operating activities of manufacture and sales of adhesives as a single operation segment. The operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to Hong Kong Financial Reporting Standards, that are regularly reviewed by the executive directors of the Company. The executive directors of the Company review the overall result of the Group as a whole to make decisions about resources allocation. Accordingly, no analysis of this single operating segment is presented.

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

Entity-wide information

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

	Six months ended 31 March	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Sales of:		
— vulcanized shoes adhesive related products	**31,219**	24,018
— electronic adhesives	**10,769**	—
— other adhesives	**89,402**	97,218
— primers	**38,705**	43,293
— hardeners	**18,980**	22,159
— others	**3,593**	1,548
	192,668	188,236

4. 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:

	Six months ended 31 March	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Turnover		
— PRC	**101,050**	96,930
— Vietnam	**78,507**	67,147
— Indonesia	**9,514**	20,136
— Bangladesh	**3,597**	4,023
	192,668	188,236

For the six months ended 31 March 2013, there was a customer (2012: one) contributing revenue of HK$47,056,000 (six months ended 31 March 2012: HK$69,069,000) which accounted for more than 10% of the Group's total revenue.

The intangible assets are allocated based on the location of the operation of the entity which uses the intangible assets. An analysis of the Group's non-current assets by their geographical location is as follows:

	At 31 March 2013 HK$'000 (unaudited)	At 30 September 2012 HK$'000 (restated and unaudited)
PRC	**46,725**	49,042
Macau	**82,834**	33,556
Vietnam	**4,871**	5,301
Bangladesh	**6,936**	5,520
	141,366	93,419

5. OTHER LOSSES

	Six months ended 31 March	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Exchange loss, net	**(3,554)**	(1,477)

6. PROFIT BEFORE TAXATION

	Six months ended 31 March	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit before taxation has been arrived at after charging:		
Amortisation of land use rights	**186**	176
Depreciation	**3,347**	2,715
and after crediting:		
Gross property rental income before deduction of outgoings	**773**	550
Less: Outgoings	**(163)**	(151)
	610	399
Interest income	**26**	44

7. TAXATION

	Six months ended 31 March	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
The charge comprises:		
PRC Enterprise Income Tax ("EIT")	**(581)**	(637)
Macau complementary tax	**(477)**	(61)
Taxation in other overseas jurisdictions	**—**	(14)
	(1,058)	(712)
Deferred taxation	**(1,051)**	(404)
	(2,109)	(1,116)

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

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

Pursuant to the relevant laws and regulations in the PRC, 珠海市澤濤黏合製品有限公司 (Centresin Chemical Products Ltd., Zhuhai) ("Zhuhai Centresin") was entitled to exemption from PRC income tax for the two years commencing from its first profit-making year in 2008, followed by a 50% reduction from 2010 to 2012. 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 PRC subsidiaries prior to 1 January 2008, when distributed to foreign investors, can be grandfathered with the exemption from PRC withholding tax. Whereas, dividend distributed out of the profit generated thereafter, shall be subject to EIT at 10% and withheld by the PRC entities aforementioned, where appropriate, pursuant to Articles 3 and 27 of the 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. 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.

8. DIVIDENDS

During the six months ended 31 March 2013, a final dividend of HK1.3 cents per share in respect of the year ended 30 September 2012 (six months ended 31 March 2012: HK1.2 cents per share in respect of the year ended 30 September 2011), totalling HK$6,500,000 (six months ended 31 March 2012: HK$6,000,000) was declared and paid to the shareholders of the Company.

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

9. EARNINGS PER SHARE

The calculation of the basic earnings per share for the period is based on the condensed consolidated profit attributable to the owners of the Company and on the weighted average number of 503,404,792 (six months ended 31 March 2012: 500,000,000) shares in issue during the period. The weighted average number of shares in the current period has included the weighted average effect of the 69,230,769 shares issued on 22 March 2013.

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

10. INVESTMENT PROPERTIES

	HK$'000
Fair value	
At 1 October 2011	20,750
Net increase in fair value recognised in profit or loss during the year	2,680
At 30 September 2012	23,430
Net increase in fair value recognised in profit or loss during the period	8,540
At 31 March 2013 (unaudited)	31,970

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.

11. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred HK$2,004,000 (six months ended 31 March 2012: HK$2,000,000) on the acquisition of property, plant and equipment to expand and upgrade its facilities.

12. TRADE, BILLS AND OTHER RECEIVABLES

Payment terms with customers are mainly on credit. Invoices are normally payable 15 to 90 days (six months ended 31 March 2012: 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:

	At 31 March 2013 HK$'000 (unaudited)	At 30 September 2012 HK$'000 (restated and unaudited)
Age		
0 to 30 days	**38,517**	61,708
31 to 60 days	**35,462**	18,945
61 to 90 days	**3,092**	7,579
91 to 180 days	**780**	11,310
181 to 365 days	**248**	228
Over 1 year	**—**	58
	78,099	99,828

13. TRADE, BILLS AND OTHER PAYABLES

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

	At 31 March 2013 HK$'000 (unaudited)	At 30 September 2012 HK$'000 (restated and unaudited)
Age		
0 to 30 days	**24,739**	18,045
31 to 60 days	**1,467**	4,057
61 to 90 days	**4,201**	1,008
91 to 180 days	**748**	911
	31,155	24,021

14. 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.

15. BANK LOANS/BANK OVERDRAFTS

During the period, the Group obtained new bank loans of HK$29,785,000 (six months ended 31 March 2012: HK$25,908,000) and repaid bank loans of HK$40,632,000 (six months ended 31 March 2012: HK$26,793,000).

The bank loans carried variable interests at the best lending rate in Macau, Hong Kong Interbank Borrowing Rate, or at rates offered by the People's Bank of China.

At 31 March 2013, bank overdrafts carried interest at prevailing market rate ranged from 4.75% to 5.75% (six months ended 31 March 2012: 4.75% to 5.75%) per annum.

16 SHARE CAPITAL

	Number of shares	**Amount** HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 October 2011, 30 September 2012 and 31 March 2013	5,000,000,000	50,000
Issued and fully paid:		
At 1 October 2011, 30 September 2012	500,000,000	5,000
Issue of shares for the acquisition of intangible assets	69,230,769	692
At 31 March 2013	569,230,769	5,692

On 22 March 2013, 69,230,769 ordinary shares of HK$0.52 each were issued for the acquisition of intangible assets from the Grace Power Polymer Technology Limited ("Grace Power"), an entity controlled by Mr. Ieong Un.

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

17. 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	
	At 31 March 2013 HK$'000 (unaudited)	At 30 September 2012 HK$'000 (Restated and unaudited)
Within one year	**2,917**	2,298
In the second to fifth year inclusive	**6,111**	3,853
After five years	**2,489**	2,548
	11,517	8,699

	Motor vehicles	
	At 31 March 2013 HK$'000 (unaudited)	At 30 September 2012 HK$'000 (Restated and unaudited)
Within one year	**680**	528
In the second to fifth year inclusive	**201**	341
After five years	**11**	—
	892	869

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

17. OPERATING LEASE ARRANGEMENTS *(Continued)*

The Group as lessee *(Continued)*

At 31 March 2013, commitment for operating lease rentals for rented premises in the above included commitment with Mr. Ieong Un as follows:

	At 31 March 2013 HK$'000 (unaudited)	At 30 September 2012 HK$'000 (Restated and unaudited)
Within one year	**1,444**	293
In the second to fifth year inclusive	**2,970**	—
	4,414	293

The Group as lessor

	At 31 March 2013 HK$'000 (unaudited)	At 30 September 2012 HK$'000 (Restated and unaudited)
Within one year	**1,537**	1,324
In the second to fifth year inclusive	**855**	1,027
	2,392	2,351

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

18. CAPITAL COMMITMENTS

	At 31 March 2013 HK$'000 (unaudited)	At 30 September 2012 HK$'000 (Restated and unaudited)
Capital expenditure authorised but not contracted for in respect of the acquisition of property, plant and equipment	**31,377**	34,604
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of the acquisition of property, plant and equipment	**3,108**	5,889

19. RELATED PARTY TRANSACTIONS

Save as disclosed in notes 14 and 17, during the period, the Group has the following significant related party transactions with related parties:

	Six months ended 31 March	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Property rental expenses paid to Mr. Ieong Un	**488**	443
Property rental income received from related companies, which is controlled by Mr. Ieong Un	**29**	35

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

	Six months ended 31 March	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Salaries and other benefits	**4,265**	4,357
Retirement benefits scheme contributions	**318**	303
	4,583	4,660

Acquisition of intangible assets and combining entities under common control

On 22 March 2013, the Group acquired (i) intangible assets, which represent the established customers relationship with customers of Grace Power ("Customers Relationship"), (ii) the entire equity interest of Rank Best Group and (iii) a shareholder's loan of Rank Best Group, by means of the issue of 69,230,769 ordinary shares at HK$0.52 per share, totalling HK$36,000,000 and cash payment of HK$9,000,000. The cash consideration of HK$2,998,000 and HK$2,002,000 were paid for the entire equity interest and shareholder's loan of Rank Best Group respectively, while the remaining cash consideration of HK$4,000,000 and the share consideration of HK$36,000,000 were paid for the Customers Relationship.

The fair value of the intangible assets, amounting to HK$40,000,000, represents the consideration paid which is attributable to the Customers Relationship in the trading of electronic adhesives.

In addition, Mr. Ieong Un has irrevocably guaranteed and warranted to the Group that the profits arising from trading of adhesive products after taxation and exceptional items of Rank Best Group for each of the two years ending 31 December 2014 will not be less than HK$5,000,000. The Group will receive nine times of the shortfall from Mr. Ieong Un should the profit guarantee cannot be met. At the date of acquisition and as at 31 March 2013, the directors of the Company considered that it is highly unlikely for the profits guarantee would be materialised.