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 2011

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
(appointed on 20 December 2011)

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Mr. Tong Yiu On
(appointed on 20 December 2011)

AUTHORISED REPRESENTATIVES

Mr. Ip Chin Wing
Mr. Ip Ka Lun

AUDITOR

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

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

HEAD OFFICE OF THE GROUP

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

COMPLIANCE ADVISOR

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

LEGAL ADVISOR

Michael Li & Co

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, Macau
Banco Nacional Ultramarino, Macau
Bank of East Asia, Macau
Banco Delta Asia, Macau
HSBC, Macau
Bank of China, Zhuhai
Industrial & Commercial Bank of Vietnam

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 2011 was approximately HK$373,554,000, representing an increase of approximately 26.2% over the corresponding period last year. Profit attributable to the shareholders amounted to approximately HK$23,854,000, representing an increase of approximately 48.5% as compared to the corresponding period last year. Earnings per share amounted to HK4.8 cents.

DIVIDENDS

The Board recommended the payment of a final dividend of HK1.20 cents per share for the year ended 30 September 2011 subject to the approval of the shareholders at the forthcoming annual general meeting. The final dividend will be payable on or about 22 March 2012 to shareholders whose names appear on the register of members on 29 February 2012.

BUSINESS REVIEW

Over the year, the global economy has been fluctuating to a great extent. Factors like the Japan massive tsunami, European debt crisis and the rapid appreciation of RMB all dealt a heavy blow to the market. In particular, the Japan tsunami resulted in a severe shortage in the supply of raw materials worldwide as well as price volatility. 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 double-digit 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 12.4% over the last year.

2. The Vietnamese market

During the year, the Group reported growth in market share in the Vietnamese market. The sales increased by 23.5% over the last year.

3. The Indonesian market

During the year, the Group's sales in the Indonesian market increased by 431.2% over the last year, mainly due to the relatively low sales base for the corresponding period last year as well as the fast growth period of the sale performance in Indonesia. Given the abovementioned situation, the Group has established a branch in Indonesia, and has rent a parcel of industrial land along with its plants and office buildings (currently being renovated and installed with equipment). Local production is planned to launch in the first half of 2012, 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.

4. The Bangladeshi market

During the year, the Group's sales in the Bangladeshi market increased by 502.5% over the last year, mainly due to the relatively low sales base for the corresponding period last year.

5. Vulcanized shoes adhesive related products

During the year, the sales generated from the new vulcanized shoes adhesive related products amounted to HK$33,964,000, representing an increase of 144.9% as compared to the last year and 9.1% of the total turnover. The Group expected that vulcanized shoes adhesive related products will continue to be an important contributor to the growth in sales performance in the future.

6. Construction progress of new plants

The New Nansha Plant in Guangzhou: 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, but as the Group's sales in the PRC market still remained upward, the management decided to execute the second phase project on the land reserved for development in the existing Zhuhai Plant.

The New 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, and position it as the manufacturing base of the Group in the Southeast Asia. Currently, the Group is considering an appropriate chemical and industrial land or an available chemical plant (in that the industrial land reserved for plant construction fails to meet the needs of a manufacturing base) for its full-speed construction or conversion, aiming to become the major manufacturing base to supply the Southeast Asia market as soon as possible.

The New Bangladeshi Plant: Due to the slow progress of the local construction, the project fell behind the expected timetable. The Group expected the completion and operation in the first half of 2012.

7. Honours and awards

The Group received the following awards during 2011:

1. Private enterprise of integrity in China-awarded by China Trade And Economic Promote Association

2. Private Enterprise with Technological Innovation in China-awarded by All-China Journalists' Association and China Enterprise Evaluation Association

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 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 also 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, 20 December 2011

Management Discussion and Analysis

RESULTS

The Group's turnover for the year ended 30 September 2011 was approximately HK$373,554,000 (2010: HK$296,040,000), representing an increase of 26.2% over the last year. Profit attributable to the owners of the Company amounted to approximately HK$23,854,000 (including net increase in fair value of investment properties of approximately HK$8,430,000), representing an increase of approximately 48.5% as compared to the corresponding period last year. During the year, despite the sales growth recorded by the Group in each region, the profit for the year (excluding net increase in fair value of investment properties) failed to grow proportionally, principally due to the impact on increased administrative expenses, rising prices of raw materials and increased taxation.

Driven by the international oil prices, the prices of major raw materials experienced a significant surged in the first half of the year. Despite slight upward adjustment of the selling prices of the products of the Group, adjustment of the selling prices did not fully compensate the rising costs of raw materials, thus causing the overall gross margin to decline. The higher product prices in the current period was also reflected in the sales of various types of products.

During the year, the Group recorded a gross profit of approximately HK$82,308,000 (2010: HK$76,000,000) and profit before taxation of approximately HK$26,231,000 (2010: HK$16,316,000). Investment properties recorded a net increase in fair value of approximately HK$8,430,000 during the period.

The profit for the year failed to increase proportionally with the increase in turnover is mainly attributable to increased staff costs of approximately HK$9,895,000 (including increased personnel due to the promotion of the new vulcanized shoes adhesives business, establishment of branches in Indonesia and Bangladesh and the related business development, and construction of Nansha Plant in Guangzhou, as well as the salary adjustment of the employees/rising cost caused by the exchange rates and inflation of major operating bases (China and Vietnam)), and increased costs for transportation of approximately HK$3,145,000 (due to swift relocation of shoe factories in the Pearl River Delta Region to countries in the Southeast Asia and inland China) and increased taxation of approximately HK$2,126,000.

If excluding the listing expenses of approximately HK$19,863,000 last year and the net increase in fair value of approximately HK$1,440,000 and approximately HK$8,430,000 in investment properties for last year and this year respectively, profit for the year would be decreased by approximately 55.3% from approximately HK$34,488,000 last year to approximately HK$15,424,000 this year.

During the year, profit for the year attributable to the owners of the Company amounted to approximately HK$23,854,000 (2010: HK$16,065,000) and basic earnings per share was HK4.8 cents (2010: HK4.1 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 generated from this product category was approximately HK$202,882,000 (2010: HK$170,995,000), representing approximately 54.3% of the Group's total turnover.

2. *Primers*

   During the year, the sales revenue generated from this product category was approximately HK$85,097,000 (2010: HK$63,927,000), representing approximately 22.8% of the Group's total turnover.

3. *Hardeners*

   During the year, the sales revenue generated from this product category was approximately HK$48,353,000 (2010: HK$44,579,000), representing approximately 12.9% of the Group's total turnover.

   Although a distribution agreement entered into between the Group and the existing hardener supplier expired on 30 June 2011, both parties still maintain a business relationship where existing provision and sales of hardeners are not affected. During the period, the Group also reached purchase and supply agreements with other hardener suppliers, thus causing no negative impact on the hardener business of the Group when the relevant distribution agreement terminated. The sales revenue generated from hardeners still recorded an increase of 8.5% during the year.

4. *Vulcanized shoes adhesive related products*

   During the year, the sales revenue generated from this product category was approximately HK$33,964,000 (2010: HK$13,868,000), representing approximately 9.1% 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 generated from such products recorded an increase of approximately 144.9%. 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 12.4% over the last year to approximately HK$193,903,000 (2010: HK$172,586,000), representing approximately 51.9% 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 increased by 23.5% over the last year to approximately HK$144,514,000 (2010: HK$117,039,000), representing approximately 38.7% of the Group's total turnover.

The Directors expected that the relevant market would continue to maintain a rapid growth in the coming year.

3. *The Indonesian market*

During the year, by region, the turnover in the Indonesian market increased by 431.2% over the last year to approximately HK$26,172,000 (2010: HK$4,927,000), representing approximately 7.0% of the Group's total turnover.

During the year, the turnover in the Indonesian market soared 431.2%, mainly due to the relatively low turnover base for the corresponding period last year as well as the fast growth period of the sale performance in Indonesia. Given the abovementioned situation, the Group has established a branch in Indonesia, and has rent a parcel of industrial land along with its plants and office buildings (currently being renovated and installed with equipment). Local production is planned to launch in the first half of 2012, 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. 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 increased by 502.5% over the last year to approximately HK$8,965,000 (2010: HK$1,488,000), representing approximately 2.4% of the Group's total turnover.

During the year, the turnover in the Bangladeshi market soared 502.5%, mainly due to the relatively low turnover base for the corresponding period last year. As the progress of foreign investments in footwear production plants in Bangladesh are slower than expected, the Directors expected that the relevant market would continue to 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 with invested fund of approximately HK$6,200,000. 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 not yet commenced production, pending further corresponding adjustment subject to the changing market environment in the future.

   The original proceeds raised from the listing for the construction of the Nansha Plant will currently be reallocated (approximately HK$28,800,000) to the investments in the construction of the second phase project in Zhuhai and the expansion of the Vietnamese Plant.

2. *The Zhuhai Plant:*

   As the Group's sales in the PRC market still remained upward, the management decided to execute the second phase project on the land reserved for development in the existing Zhuhai Plant (including construction of plants, production facilities and warehouses) in order to satisfy the needs of the sales growth in the PRC market. The management believed building the second phase 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 expected that the construction of the second phase project in Zhuhai would require additional investment of approximately HK$18,000,000. Such investment will be provided by reallocation of the proceeds raised from the listing.

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 (through internal resources) 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, and position it as the manufacturing base of the Group in the Southeast Asia. Currently, the Group is considering an appropriate chemical and industrial land or an available chemical plant (in that the industrial land reserved for plant construction fails to meet the needs of a manufacturing base) for its full-speed construction or conversion (partial investment of approximately HK$10,800,000 invested in the Vietnamese Plant will be funded by reallocation of the proceeds raised from the listing).

5. *The Bangladeshi Plant:*

Due to the slow progress of the local construction, the project fell behind the expected timetable. The current products available in Bangladesh remain to be directly exported from the Zhuhai Plant in China to the local customers. The Group expected the completion and operation of the Bangladeshi Plant in the first half of 2012.

6. *The Indonesian Plant:*

During the year, the Group used the bonded warehouses to sell products to local customers in Indonesia. 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 currently being renovated and installed with equipment. Such investment is provided by internal resources. Local production is scheduled to launch in the first half of 2012, 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 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.

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 2011, the Group's working capital requirement was principally financed by its internal resources and banking facilities.

As at 30 September 2011, the Group had cash and cash equivalents, net current assets and total assets less current liabilities of approximately HK$39,433,000 (2010: HK$43,340,000), approximately HK$104,820,000 (2010: HK$102,922,000) and approximately HK$190,149,000 (2010: HK$169,524,000) respectively.

As at 30 September 2011, the Group had total bank borrowings, on floating interest rates basis, of approximately HK$55,216,000 (2010: HK$16,917,000). 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 2011 increased by approximately HK$19,177,000 to approximately HK$186,411,000. The gearing ratio (calculated as the ratio of total borrowings : total assets) of the Group as at 30 September 2011 was approximately 0.18 (2010: 0.07).

Significant Investments

The Group had acquired five golf club memberships in Macau and PRC at the consideration of HK$1,444,000. Details of which was published on the Company's announcements dated 13 May 2011 and 17 May 2011.

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

Acquisition and Disposal of Subsidiaries and Associated Companies

The Group had no material acquisition and disposal of subsidiaries and affiliated companies during the year.

Employee Information

As at 30 September 2011, the Group employed a total of 321 (2010: 314) 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$34,821,000 (2010: HK$24,926,000).

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 2011, certain interests in land use rights, land and buildings and investment properties held under medium-term leases of approximately HK$36,575,000 (2010: HK$28,363,000) were pledged to banks for bank borrowings totalling approximately HK$55,216,000 (2010: HK$16,917,000) granted to the Group.

Future Plans for Material Investments and Expected Sources of Funding

The Group had no future plans for material investments as at the date of the 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 2011, the Group had capital commitments of approximately HK$36,291,000 (2010: HK$40,673,000) 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 2011.

CHANGE OF USE OF PROCEEDS

The proposed net proceeds from the Share Offer, were estimated to be HK$54.0 million which is calculated based on the offer price of HK$0.60, would be used to achieve the Group's business objective, was set out under the section "Use of Proceeds" in the Prospectus and subsequently amended in the announcement of allotment results of the Company dated 11 August 2010 (the "Disclosed Use of Proceeds").

Due to the increased listing expenses, the actual net proceeds raised was approximately HK$49 million. It will be used for the expansion of production capacity and the shortfall will be financed by either bank loan or internal resources. As mentioned in the above that the footwear manufacturing industry is shifting to the Southeast Asia and other regions, in order to capture the business opportunities in a more appropriated manner, the Board proposes to change the use of proceeds (the "Newly Proposed Use of Proceeds").

Set out below are the comparisons of the Disclosed Use of Proceeds, the actual use of proceeds as at the date of this report and the Newly Proposed Use of Proceeds.

The Disclosed Use of Proceeds	*Notes*	**The actual use of proceeds as at the date of this report**	**The Newly Proposed Use of Proceeds**
• Approximately HK$35 million for the expansion of the production capacity in PRC	*1*	• Approximately HK$6.2 million was used for the expansion of the production capacity in PRC	• Approximately HK$24.2 million was used for the expansion of the production capacity in PRC
• Approximately HK$5.5 million for the expansion of the production capacity in Vietnam	*1, 2*	• None of the proceeds from listing has been used for the expansion of the production capacity in Vietnam	• Approximately HK$16.3 million was used for the expansion of the production capacity in Vietnam
• Approximately HK$5.5 million for the expansion of the production capacity in Bangladesh	*3*	• Approximately HK$3.6 million has been used for the expansion of the production capacity in Bangladesh	• Same as the Disclosed Use of Proceeds

Use of Proceeds

The Disclosed Use of Proceeds	*Notes*	The actual use of proceeds as at the date of this report	The Newly Proposed Use of Proceeds
• Approximately HK$4 million for the investment in research and development team	*4*	• Approximately HK$1.3 million for the investment in research and development team	• Same as the Disclosed Use of Proceeds
• Approximately HK$4 million for the expansion of the marketing and technical service team	*5*	• Approximately HK$1.9 million for the expansion of the marketing and technical service team	• Same as the Disclosed Use of Proceeds

Notes:

1. The Board proposes to re-allocate the proceeds of approximately HK$18 million originally proposed to be used for the expansion of the production capacity in Nansha Plant in PRC to Zhuhai Plant in PRC because it is more cost-efficient.

2. The Board proposes to re-allocate the proceeds of approximately HK$10.8 million originally proposed to be used for the expansion of the production capacity in Nansha Plant in PRC for the expansion of the production capacity in Vietnam Plant because the footwear manufacturing industry is shifting to the Southeast Asia and other regions in an orderly manner, together with the original proposed use of proceeds of HK$5.5 million, the aggregate amount for the expansion of production facilities located in Vietnam will be approximately HK$16.3 million.

3. The Board considers that the shortfall of HK$0.2 million will be financed by either bank loan or internal resources.

4. The Board considers that the shortfall of HK$2.7 million will be financed by either bank loan or internal resources.

5. The Board considers that the shortfall of HK$2.1 million will be financed by either bank loan or internal resources.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions on Corporate Governance Practices (the "CG Code") as set out 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 2011, 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 2011 (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 2011 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 23 to 26 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.

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 21 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 2010. The Company will pay HK$120,000 per annum to each of the independent non-executive Directors for their services rendered to the Group.

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 has entered into a service contract with the Company for a term of three years commencing from 12 August 2010.

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, at which the members of the Audit Committee have reviewed and discussed with the external auditors of the Company in relation to the Company's interim results for the six months ended 31 March 2011 and the final results for the year ended 30 September 2011, in particular, the financial and accounting policies and practices and relevant disclosure requirements under the Listing Rules.

The Audit Committee is responsible to make recommendation to the Board as to the appointment, re-appointment and removal of the external auditors, which is subject to the approval by the Board at the annual general meetings of the Company.

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, at which the members of the Remuneration Committee have reviewed the remuneration packages of all Directors and senior management of the Group.

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, at which the members of the Nomination Committee have reviewed the structure, size and composition including the skills knowledge and experience of the Board.

Attendance of meetings

The attendance of each Director at Board meetings and Board committees meetings during the year ended 30 September 2011 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)*	6/6	—	—	—
Mr. Ip Chin Wing	3/6	—	—	—
Mr. Ip Ka Lun	6/6	—	1/1	1/1
Mr. Stephen Graham Prince	2/6	—	—	—
Mr. Tong Yiu On *(appointed on 20 December 2011)*	0/0	—	—	—
Independent Non-executive Directors				
Mr. Chan Wing Yau George	2/6	2/2	1/1	1/1
Mr. Ho Gilbert Chi Hang	2/6	2/2	1/1	1/1
Mr. Poon Yick Pang Philip	1/6	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 39 and 40.

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 2011, 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.

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.

Auditor's Remuneration

For the year ended 30 September 2011, 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 2011 HK$
Annual audit services	**1,680,000**

Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Ieong Un, aged 57, 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 21 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 57, 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 57, 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 17 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 49, 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 45, 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 42, was appointed as an independent non-executive Director in March 2010. Mr. Poon has over 16 years of corporate finance and accounting experience. He is a company secretary of Ruinian International Limited (stock code: 2010), a company listed on the main board of the Stock Exchange. He was the director of finance of China Medical Technologies, Inc., a NASDAQ listed company engaged in the manufacture and sales of advanced medical devices in the PRC from 2007 to 2008, and the senior vice president and company secretary of Paradise Entertainment Limited (formerly known as LifeTec Group Limited) (stock code: 1180), a company listed on the main board of the Stock Exchange, from 2002 to 2007. 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 35, is an independent non-executive Director. He joined the Group in March 2010. He is the senior investment director of New World Development Company Limited (stock code: 17), and an executive director of New World Strategic Investment Limited. He is also a non-executive director of New Environmental Energy Holdings Limited (stock code: 3989) and Renhe Commercial Holdings Company Limited (stock code: 1387) and an independent non-executive director of Kam Hing International Holdings Limited (stock code: 2307), all of which are companies listed on the main board of the Stock Exchange. Mr. Ho has extensive experience in the area of corporate management, investments, corporate finance and merger and acquisition transactions and was 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. Mr. Ho obtained a bachelor of commerce degree and a bachelor of laws degree from the University of Sydney, Australia in 1998 and 1999, respectively, and he was admitted as a solicitor in New South Wales and Australia in 1999 and England and Wales in 2001.

Mr. Chan Wing Yau, George, aged 56, 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 48, 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 37, 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 42, 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 41, 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 42, 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 48, 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.

Directors' Report

The Directors hereby present their annual report and the audited consolidated financial statements of the Group for the year ended 30 September 2011.

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 2011 are set out in the consolidated statement of comprehensive income on page 41 of this annual report.

The Directors recommend the payment of a final dividend of HK1.2 cents per share for the year ended 30 September 2011 to the shareholders whose names appear on the register of members of the Company at 4:30 p.m. on 29 February 2012. The final dividend is expected to be paid on or about 22 March 2012.

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 90 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 15 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 26 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 44 of this annual report.

BORROWINGS

Details of bank loans of the Group as at 30 September 2011 are set out in notes 22 to 24 to the consolidated financial statements of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 30 September 2011, sales to the Group's five largest customers accounted for 57.4% of the Group's total turnover for the year. The largest customer was Pou Chen Group which accounted for 34.5% of the total turnover of the Group for the year ended 30 September 2011.

For the year ended 30 September 2011, the Group's purchases attributable to the five largest suppliers and the largest supplier accounted for 37.0% and 11.1% respectively of the Group's total purchases for the year.

For the year ended 30 September 2011, 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 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.

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 2010 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 10 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 30 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 2011 and the date of this annual 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	Position	Percentage of shareholding
Mr. Ieong Un (note)	Interest in controlled corporation	337,500,000	Long	67.50%
	Beneficial owner	896,000	Long	0.18%

Note: The 337,500,000 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 337,500,000 Shares held by All Reach.

(ii) Interests in associated corporation

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

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

Name of shareholder	Capacity	Number of Shares	Position	Percentage of shareholding
All Reach (note 1)	Beneficial owner	337,500,000	Long	67.50%
Ms. Chan Sut Kuan (note 2)	Interest of spouse	338,396,000	Long	67.68%
Raffles Partners Asset Management (Hong Kong) Limited ("Raffles Partners")	Beneficial owner	37,500,000	Long	7.50%
Mr. Tang Tsz Kit (note 3)	Interest in controlled corporation	37,500,000	Long	7.50%
Bofanti Limited (note 4)	Beneficial owner	25,000,000	Long	5.00%
Pyrope Assets Limited (note 4)	Interest in controlled corporation	25,000,000	Long	5.00%
CK Life Sciences Int'l., (Holdings) Inc. (notes 4 & 5)	Interest in controlled corporation	25,000,000	Long	5.00%
Gold Rainbow Int'l Limited (notes 4 & 5)	Interest in controlled corporation	25,000,000	Long	5.00%
Gotak Limited (notes 4 & 5)	Interest in controlled corporation	25,000,000	Long	5.00%
Cheung Kong (Holdings) Limited (notes 4 & 5)	Interest in controlled corporation	25,000,000	Long	5.00%
Li Ka-Shing Unity Trustee Company Limited (note 6)	Trustee	25,000,000	Long	5.00%
Li Ka-Shing Unity Trustee Corporation Limited (note 6)	Trustee and beneficiary of a trust	25,000,000	Long	5.00%
Li Ka-Shing Trustcorp Limited (note 6)	Trustee and beneficiary of a trust	25,000,000	Long	5.00%
Mr. Li Ka-Shing (note 7)	Interest of controlled corporation and founder of discretionary trust	25,000,000	Long	5.00%

Notes:

1. The entire issued share capital of All Reach is wholly and beneficially owned by Mr. Ieong Un. By virtue of the SFO, Mr. Ieong, an executive Director, is deemed to be interested in the entire 337,500,000 Shares held by All Reach.

2. Ms. Chan Sut Kuan, the spouse of Mr. Ieong, is deemed to be interested in the 337,500,000 Shares owned by All Reach under the SFO, a company incorporated in the British Virgin Islands and the entire issued share capital of which is beneficially owned by Mr. Ieong.

3. The entire issued share capital of Raffles Partners is wholly and beneficially owned by Mr. Tang Tsz Kit. By virtue of the SFO, Mr.Tang Tsz Kit is deemed to be interested in the 37,500,000 Shares held by Raffles Partners.

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

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

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

7. As Mr. Li Ka-Shing owns one-third of the issued share capital of Li Ka-Shing Unity Holdings Limited which in turn holds the entire issued share capital of TUT, TDT1 and TDT2 and is the settlor and may be regarded as a founder of each of DT1 and DT2 for the purpose of the SFO, Mr. Li Ka-Shing is deemed to be interested in the same number of shares in which Cheung Kong (Holdings) Limited is deemed to be interested as mentioned above under the SFO.

RELATED PARTY AND CONNECTED TRANSACTIONS

The Company has entered into the following connected transaction (as defined under the Listing Rules):

On 1 October 2010, Iao Son Hong Paint Company Limited, an indirect wholly owned subsidiary of the Company as purchaser, entered into an unconditional agreement with Easy Ray Holdings Limited ("Easy Ray") in relation to the acquisition of five golf club memberships for cash consideration of HK$1,444,000.

Easy Ray is a company incorporated in Macau and is owned as to 98% by Mr. Ieong Un, an executive Director and chairman of the Board and the controlling shareholder of the Company, 1% by Mr. Ip Chin Wing, an executive Director, and 1% by Mr. Ip Ka Lun, an executive Director. Accordingly Easy Ray is a connected person of the Company under Chapter 14A of the Listing Rules. The entering into of the agreement therefore constituted a connected transaction on the part of the Company.

Details of related party transactions of the Group are set out in note 31 to the financial statements.

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

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, 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 Audit Committee was established on 26 March 2010 and 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 reviewed the accounting principles and practices adopted by the Company and the interim results for the six months ended 31 March 2011 and the audited annual results of the Group for the year ended 30 September 2011.

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 the 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 dealing as set out in the Model Code since throughout the Review Period.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules. For the year ended 30 September 2011, the Company has complied with all the applicable code provisions as set out in the CG Code, except for the deviation of the provision A.2.1 of the CG Code. For details of the Corporate Governance Report, please refer to pages 17 to 22 of this annual report.

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

For the year ended 30 September 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EVENTS AFTER THE REPORTING PERIOD

There was no significant event subsequent to 30 September 2011.

USE OF NET PROCEEDS FROM THE COMPANY'S LISTING

The net proceeds from the issue of new shares upon the listing of the Company on the Stock Exchange on 12 August 2010 amounted to approximately HK$49 million, after deducting related expenses. By 30 September 2011, the Company has applied part of those proceeds in the ways as described in the prospectus of the Company dated 29 July 2010 (the "Prospectus"). On 20 December 2011, the Company has announced to reallocate the proceeds as follows:

The disclosed use of proceeds	Notes	The actual use of proceeds as at the date of the annual report	The newly proposed use of proceeds
• Approximately HK$35 million for the expansion of the production capacity in PRC	1	• Approximately HK$6.2 million was used for the expansion of the production capacity in PRC	• Approximately HK$24.2 million was used for the expansion of the production capacity in PRC
• Approximately HK$5.5 million for the expansion of the production capacity in Vietnam	1,2	• None of the proceeds from listing has been used for the expansion of the production capacity in Vietnam	• Approximately HK$16.3 million was used for the expansion of the production capacity in Vietnam
• Approximately HK$5.5 million for the expansion of the production capacity in Bangladesh	3	• Approximately HK$3.6 million has been used for the expansion of the production capacity in Bangladesh	• Same as the Disclosed Use of Proceeds
• Approximately HK$4 million for the investment in research and development team	4	• Approximately HK$1.3 million for the investment in research and development team	• Same as the Disclosed Use of Proceeds
• Approximately HK$4 million for the expansion of the marketing and technical service team	5	• Approximately HK$1.9 million for the expansion of the marketing and technical service team	• Same as the Disclosed Use of Proceeds

Notes:

1. The Board proposes to re-allocate the proceeds of approximately HK$18 million originally proposed to be used for the expansion of the production capacity in Nansha Plant in PRC to Zhuhai Plant in PRC because it is more cost-efficient.

2. The Board proposes to re-allocate the proceeds of approximately HK$10.8 million originally proposed to be used for the expansion of the production capacity in Nansha Plant in PRC for the expansion of the production capacity in Vietnam Plant because the footwear manufacturing industry is shifting to the Southeast Asia and other regions in an orderly manner, together with the original proposed use of proceeds of HK$5.5 million, the aggregate amount for the expansion of production facilities located in Vietnam will be approximately HK$16.3 million.

3. The Board considers that the shortfall of HK$0.2 million will be financed by either bank loan or internal resources.

4. The Board considers that the shortfall of HK$2.7 million will be financed by either bank loan or internal resources.

5. The Board considers that the shortfall of HK$2.1 million will be financed by either bank loan or internal resources.

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 Wednesday, 22 February 2012 to Thursday, 23 February 2012, both dates inclusive, during which no transfer of share will be registered, for the purposes of the Shareholders to qualify for eligibility to attend and vote at the forthcoming annual general meeting of the Company (the "AGM") to be held on 23 February 2012. In order to qualify for attending the AGM, 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 (the "Share Registrar") at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (the "Registrar Address") for registration by not later than 4:30 p.m. on Tuesday, 21 February 2012.

The Company's register of members will also be closed from Thursday, 1 March 2012 to Friday, 2 March 2012, 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 Share Registrar at Registrar Address for registration by not later than 4:30 p.m. on Wednesday, 29 February 2012.

On behalf of the Board
Ieong Un
Chairman

Hong Kong, 20 December 2011

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 41 to 89, which comprise the consolidated statement of financial position as at 30 September 2011, 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 notes.

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 2011, 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
20 December 2011

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2011

	NOTES	2011 HK$'000	2010 HK$'000
Turnover	7	**373,554**	296,040
Cost of goods sold		**(291,246)**	(220,040)
Gross profit		**82,308**	76,000
Other income		**3,838**	1,424
Changes in fair value of investment properties		**8,430**	1,440
Other losses	8	**(3,139)**	(958)
Research and development costs		**(1,280)**	(862)
Selling and distribution costs		**(17,079)**	(11,349)
Administrative expenses		**(45,360)**	(27,401)
Listing expenses		**—**	(19,863)
Interest on bank borrowings wholly repayable within five years		**(1,487)**	(2,115)
Profit before taxation	9	**26,231**	16,316
Taxation	11	**(2,377)**	(251)
Profit for the year		**23,854**	16,065
Other comprehensive income			
— exchange differences arising on translation of foreign operations		**4,323**	985
Total comprehensive income for the year		**28,177**	17,050
Earnings per share — Basic	13	**HK4.8 cents**	HK4.1 cents

Consolidated Statement of Financial Position

At 30 September 2011

	NOTES	2011 HK$'000	2010 HK$'000
Non-current assets			
Investment properties	14	**20,750**	12,320
Property, plant and equipment	15	**44,043**	31,924
Land use rights	16	**18,804**	18,670
Deposits made on acquisition of property, plant and equipment		**652**	3,688
Club debentures	17	**1,080**	—
		85,329	66,602
Current assets			
Inventories	18	**80,220**	42,616
Trade and other receivables	19	**108,041**	81,439
Pledged/restricted bank deposits	20	**16,725**	19,511
Bank balances and cash	20	**22,708**	23,829
		227,694	167,395
Current liabilities			
Trade and other payables	21	**66,605**	47,045
Taxation		**1,053**	511
Current portion of secured long-term bank loans	22	**10,704**	5,037
Secured short-term bank loans	23	**26,448**	11,878
Bank overdrafts — secured	24	**18,064**	2
		122,874	64,473
Net current assets		**104,820**	102,922

	NOTES	2011 HK$'000	2010 HK$'000
Total assets less current liabilities		**190,149**	169,524
Non-current liabilities			
Deferred taxation	25	**3,738**	2,290
Net assets		**186,411**	167,234
Capital and reserves			
Share capital	26	**5,000**	5,000
Reserves		**181,411**	162,234
Total equity		**186,411**	167,234

The consolidated financial statements on pages 41 to 89 were approved and authorised for issue by the Board of Directors on 20 December 2011 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 2011

	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000	Translation reserve HK$'000	Legal reserve HK$'000	Statutory surplus reserve fund HK$'000	Retained profits HK$'000	Total HK$'000
At 1 October 2009	16	—	868	5,000	437	—	110,317	116,638
Profit for the year	—	—	—	—	—	—	16,065	16,065
Exchange differences arising on translation of foreign operations	—	—	—	985	—	—	—	985
Total comprehensive income for the year	—	—	—	985	—	—	16,065	17,050
Transfer upon the group reorganisation	(16)	—	16	—	—	—	—	—
Capitalisation issue	3,750	(3,750)	—	—	—	—	—	—
Issue of shares	1,250	73,750	—	—	—	—	—	75,000
Expenses incurred in connection with the issue of shares	—	(6,454)	—	—	—	—	—	(6,454)
Dividends recognised as distribution	—	—	—	—	—	—	(35,000)	(35,000)
	4,984	63,546	16	—	—	—	(35,000)	33,546
Transfers	—	—	—	—	22	1,814	(1,836)	—
At 30 September 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

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

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

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

Consolidated Statement of Cash Flows

For the year ended 30 September 2011

	2011 HK$'000	2010 HK$'000
Operating activities		
Profit before taxation	**26,231**	16,316
Adjustments for:		
Interest income	**(104)**	(123)
Interest expenses	**1,487**	2,115
Depreciation	**5,271**	4,155
Operating lease rentals in respect of land use rights	**364**	135
Loss on disposal of property, plant and equipment	**3**	—
Changes in fair value of investment properties	**(8,430)**	(1,440)
Impairment loss recognised in respect of club debentures	**364**	—
Bad debts written off	**376**	—
Operating cash flows before movements in working capital	**25,562**	21,158
Increase in inventories	**(35,122)**	(4,222)
Increase in trade and other receivables	**(25,695)**	(24,394)
Increase in trade and other payables	**18,069**	11,836
Cash (used in) from operations	**(17,186)**	4,378
Taxation paid	**(501)**	(7)
Net cash (used in) from operating activities	**(17,687)**	4,371
Investing activities		
Interest received	**104**	123
Purchase of property, plant and equipment	**(12,064)**	(5,635)
Proceeds from disposal of property, plant and equipment	**11**	—
Payment for land use rights	**—**	(16,142)
Deposits paid on acquisition of property, plant and equipment	**(619)**	(3,688)
Purchase of club debentures	**(1,444)**	—
Decrease in pledged/restricted bank deposits	**2,878**	15,013
Net cash used in investing activities	**(11,134)**	(10,329)

	2011 HK$'000	2010 HK$'000
Financing activities		
Interest paid	**(1,487)**	(2,115)
Dividends paid	**(9,000)**	(35,000)
Proceeds from issue of shares	**—**	75,000
Expenses incurred in connection with the issue of shares	**—**	(6,454)
Bank loans raised	**49,846**	31,058
Repayment of bank loans	**(30,404)**	(35,360)
Net cash from financing activities	**8,955**	27,129
Net (decrease) increase in cash and cash equivalents	**(19,866)**	21,171
Cash and cash equivalents at 1 October	**23,827**	2,592
Effect of foreign exchange rate changes	**683**	64
Cash and cash equivalents at 30 September	**4,644**	23,827
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**22,708**	23,829
Bank overdrafts	**(18,064)**	(2)
	4,644	23,827

Notes to the Consolidated Financial Statements

For the year ended 30 September 2011

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 have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 12 August 2010. Its immediate and ultimate holding company is All Reach Investments Limited, a company incorporated in the British Virgin Islands.

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

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

2. GROUP REORGANISATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

(a) Prior to 10 June 2009, the business of the Group carried out by Iao Son Hong Tinta e Vernizes, Limitada ("ISH"), Benino Corporation ("Benino"), Bracorp Consulting Inc. ("Bracorp") and Great Oasis International Limited ("Great Oasis") were under common control by the controlling shareholder, Mr. Ieong Un jointly with his wife, Ms. Chan Sut Kuan (the "Controlling Shareholder").

(b) Pursuant to a share transfer agreements dated 10 June 2009 and supplementary agreement dated 30 December 2009, Keen Castle Limited ("Keen Castle"), also controlled by the Controlling Shareholder, acquired the entire beneficial interests in ISH, Benino, Bracorp and Great Oasis from the Controlling Shareholder by means of a share exchange where an aggregate of 1,000 shares of Keen Castle were issued to the Controlling Shareholder at par for US$1 each.

(c) Pursuant to a sales and purchase agreement dated 26 March 2010, the Company acquired the entire equity interests of Keen Castle by issuing and allotting a total of 1,999 shares of HK$0.01 each to the then existing shareholders of Keen Castle or its nominee. Thereafter, the Company has become the holding company of the Group since 26 March 2010.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

The Group resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the consolidated statements of comprehensive income and cash flows for the year ended 30 September 2010 include the results and cash flows of the companies now comprising the Group which have been prepared by applying the principles of merger accounting, as if the group structure upon the completion of the Group Reorganisation had been in existence throughout the year ended 30 September 2010, or since their respective dates of incorporation/establishment where this is a shorter period.

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

In the current year, the Group has applied a number of amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for the Group's accounting period beginning on 1 October 2010.

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

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[6]
HKFRS 7 (Amendments)	Disclosures — Transfers of financial assets[2]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[3]
HKFRS 11	Joint arrangements[3]
HKFRS 12	Disclosure of interests in other entities[3]
HKFRS 13	Fair value measurement[3]
HKAS 1 (Amendments)	Presentation of items of other comprehensive income[4]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[5]
HKAS 19 (Revised 2011)	Employee benefits[3]
HKAS 24 (Revised)	Related party disclosures[1]
HKAS 27 (Revised 2011)	Separate financial statements[3]
HKAS 28 (Revised 2011)	Investments in associates and joint ventures[3]
HK(IFRIC)* — INT 14 (Amendments)	Prepayments of a minimum funding requirement[1]
HK(IFRIC) — INT 20	Stripping costs in the production phase of a surface mine[3]

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

[1] Effective for annual periods beginning on or after 1 January 2011.

[2] Effective for annual periods beginning on or after 1 July 2011.

[3] Effective for annual periods beginning on or after 1 January 2013.

[4] Effective for annual periods beginning on or after 1 July 2012.

[5] Effective for annual periods beginning on or after 1 January 2012.

[6] Amendments that are effective for annual periods beginning on or after 1 January 2011.

* 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 2013, with earlier application permitted. The directors of the Company anticipate that the application to HKFRS 9 may not have material impact on the Group's financial assets and financial liabilities.

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

4. 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.

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

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

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

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 revenue 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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.

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%

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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).

Inventories

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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 and other receivables, pledged/restricted 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).

4. 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 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; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of loans and receivables, such as trade receivables, assets that are assessed not to be impaired individually are subsequently 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 90 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 is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the 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 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 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instrument are set out below.

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 and other payables, bank loans, trust receipt loans and bank overdrafts are subsequently measured at amortised cost, using the effective interest method.

Equity instrument

Equity instrument issued by the Company are recorded at the proceeds received, net of direct issue costs.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

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. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognise the financial asset and recognise a collateralised borrowing for proceeds received.

Financial liabilities are derecognised when the obligation specified in the relevant contract is 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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 in prior years. A reversal of an impairment loss is recognised as income immediately.

4. 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. 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 deferred tax is also recognised in other comprehensive income or directly in equity respectively.

4. 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 (the 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.

4. 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.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefits costs

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

5. 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 shareholders 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, net of bank deposits and cash and cash equivalents, and equity attributable to owners of the Company, comprising share capital, reserves and retained profits 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.

6. 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 4.

Categories of financial instruments

	2011	2010
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**137,934**	117,416
Financial liabilities		
Amortised cost	**114,989**	57,102

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, pledged/restricted bank deposits, bank balances and cash, trade and other payables, 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 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.

The credit risk on pledged/restricted 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$27,980,000 or 32% (2010: HK$15,369,000 or 21%) 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.

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

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 2011, approximately 65% (2010: 70%) 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	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Euro	**—**	—	**2,612**	5,831
New Taiwan dollar	**4,477**	4,253	**3,476**	4,488
Renminbi	**10,363**	19,130	**3,173**	29,438
United States dollar	**73,845**	67,171	**45,820**	9,985
	88,685	90,554	**55,081**	49,742

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:

	2011	2010
	HK$'000	HK$'000
(Decrease) increase in profit for the year		
— Euro	**98**	219
— New Taiwan dollar	**(38)**	9
— Renminbi	**(270)**	387
	(210)	615

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%.

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk*(Continued)*

(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/restricted 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.

The sensitivity analysis below has been determined based on the exposure to interest rates for interest bearing pledged/restricted 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 (2010: 10 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/restricted bank deposits, bank balances, bank overdrafts, bank loans and trust receipt loans had been 50 basis points (2010: 10 basis points) higher and all other variables were held constant, the potential effect on profit for the year is as follows:

	2011 **HK$'000**	2010 HK$'000
(Decrease) increase in profit for the year	**(59)**	20

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

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.

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 curve 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 2011							
Trade 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
At 30 September 2010							
Trade and other payables	N/A	—	40,119	66	—	40,185	40,185
Bank loans	4.84	—	—	6,225	11,272	17,497	16,915
Bank overdrafts	5.60	2	—	—	—	2	2
		2	40,119	6,291	11,272	57,684	57,102

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk management *(Continued)*

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 2011 and 30 September 2010, the aggregate undiscounted principal amounts of these bank loans amounted to HK$10,704,000 and nil 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 two years after the reporting date 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$11,566,000, of which HK$3,898,000 will be due within one year, and the remaining will be due within two to five 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.

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 consolidated 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.

7. 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:

	2011	2010
	HK$'000	HK$'000
Sales of		
— vulcanized shoes adhesive related products	**33,964**	13,868
— other adhesives	**202,882**	170,995
— primers	**85,097**	63,927
— hardeners	**48,353**	44,579
— others	**3,258**	2,671
	373,554	296,040

7. 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:

	2011 HK$'000	2010 HK$'000
Turnover		
— PRC	**193,903**	172,586
— Vietnam	**144,514**	117,039
— Indonesia	**26,172**	4,927
— Bangladesh	**8,965**	1,488
	373,554	296,040

For the year ended 30 September 2011, there was one (2010: one) customer contributing revenue of HK$128,705,000 (2010: HK$89,379,000) 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:

	2011 HK$'000	2010 HK$'000
PRC	**76,898**	61,942
Vietnam	**3,445**	2,183
Bangdalesh	**4,986**	2,477
	85,329	66,602

8. OTHER LOSSES

	2011 HK$'000	2010 HK$'000
Bad debts written off	**(376)**	—
Exchange loss, net	**(2,396)**	(958)
Impairment loss recognised in respect of club debentures	**(364)**	—
Loss on disposal of property, plant and equipment	**(3)**	—
	(3,139)	(958)

9. PROFIT BEFORE TAXATION

	2011 HK$'000	2010 HK$'000
Profit before taxation has been arrived at after charging:		
Directors' remuneration (Note 10)	**6,524**	3,922
Other staff's retirement benefits scheme contributions	**1,562**	1,404
Other staff costs	**26,735**	19,600
	34,821	24,926
Less: Staff costs included in research and development costs	**(1,280)**	(862)
	33,541	24,064
Auditor's remuneration	**1,680**	1,535
Cost of inventories recognised as expenses	**286,693**	214,958
Depreciation	**5,271**	4,155
Operating lease rentals in respect of		
— land use rights	**364**	135
— motor vehicles	**1,789**	1,390
— rented premises	**2,915**	1,773
Royalty fees included in cost of goods sold (Note a)	**3,100**	2,815
and after crediting:		
Gross property rental income before deduction of outgoings	**1,342**	1,200
Less: Outgoings	**(377)**	(265)
	965	935
Government grants included in other income (Note b)	**1,548**	—
Interest income	**104**	123

9. PROFIT BEFORE TAXATION *(Continued)*

Notes:

(a) 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 2009 with a term of 3 years.

(b) During the year ended 30 September 2011, the Group received government grants of HK$1,548,000 (2010: Nil) from the Macau government for the encouragement of the manufacturing of environmental-friendly adhesive related products. The government grants require no conditions or additional costs and hence are recognised to profit or loss.

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

	2011 **HK$'000**	2010 HK$'000
Directors' fees	**—**	—
Other emoluments to independent non-executive directors		
— basic salaries and allowances	**360**	60
Other emoluments to executive directors		
— basic salaries and allowances	**5,400**	3,366
— bonus (Note)	**312**	152
— retirement benefits scheme contributions	**452**	344
	6,524	3,922

Note: The bonus is discretionary and decided by the board of directors based on the Group's profit for the year.

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

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

	2011	2010
	HK$'000	HK$'000
Executive directors		
Mr. Ieong Un		
— basic salaries and allowances	**1,800**	1,624
— bonus	**156**	78
— retirement benefits scheme contributions	**161**	148
	2,117	1,850
Mr. Ip Chin Wing		
— basic salaries and allowances	**1,200**	326
— bonus	**50**	9
— retirement benefits scheme contributions	**97**	72
	1,347	407
Mr. Ip Ka Lun		
— basic salaries and allowances	**1,200**	732
— bonus	**49**	31
— retirement benefits scheme contributions	**97**	64
	1,346	827
Mr. Stephen Graham Prince		
— basic salaries and allowances	**1,200**	684
— bonus	**57**	34
— retirement benefits scheme contributions	**97**	60
	1,354	778
Independent non-executive directors		
Mr. Chan Wing Yau, George		
— basic salaries and allowances	**120**	20
Mr. Ho Chi Hang, Gilbert		
— basic salaries and allowances	**120**	20
Mr. Poon Yick Pang, Philip		
— basic salaries and allowances	**120**	20
	360	60
Total	**6,524**	3,922

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

The five highest paid individuals included four directors of the Company for both years, details of whose emoluments are included above. The emoluments of the remaining highest paid individual during the year were as follows:

	2011 HK$'000	2010 HK$'000
Employee		
— basic salaries and allowances	252	510
— bonus	24	—
— retirement benefits scheme contributions	22	—
	298	510

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.

11. TAXATION

	2011 HK$'000	2010 HK$'000
The charge comprises:		
PRC Enterprise Income Tax ("EIT")	(638)	(71)
Macau complementary tax	(387)	(28)
	(1,025)	(99)
Deferred taxation	(1,352)	(152)
	(2,377)	(251)

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

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

Pursuant to the relevant laws and regulations in the PRC, 珠海市澤濤黏合製品有限公司 (Centresin Chemical Products Ltd., Zhuhai) ("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.

11. TAXATION *(Continued)*

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

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

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

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

	2011		2010	
	HK$'000	**%**	HK$'000	%
Profit before taxation	**26,231**		16,316	
Tax at the applicable income tax rate[#]	**(6,558)**	**(25.0)**	(4,079)	(25.0)
Tax effect of expenses not deductible for tax purposes	**(4,206)**	**(16.0)**	(6,388)	(39.2)
Tax effect of income not taxable for tax purposes	**3,084**	**11.4**	341	2.1
Tax effect of tax exemption and tax concession granted to certain subsidiaries	**5,845**	**22.3**	9,588	58.8
Utilisation of tax losses previously not recognised	**1,475**	**6.0**	804	4.9
Tax effect of tax losses not recognised	**(2,086)**	**(8.0)**	(786)	(4.8)
Withholding tax on undistributed earnings	**(341)**	**(1.4)**	(6)	—
Effect of different tax rates of subsidiaries operating in other jurisdictions	**410**	**1.6**	275	1.7
Tax charge and effective tax rate for the year	**(2,377)**	**(9.1)**	(251)	(1.5)

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

12. DIVIDENDS

During the year ended 30 September 2011, a final dividend for 2010 of HK1.8 cents per share, totalling HK$9,000,000 was declared and paid to the shareholders.

On 19 March 2010, Benino and Bracorp declared a special dividend of HK$35 million in aggregate to their then shareholder, Mr. Ieong Un, whose name appeared on the registers of members of the respective company on 9 June 2009. The minutes of the meeting of the boards of directors of these companies indicated that this special dividend was conditional upon the approval in principle of a proposed listing of the Company on the Main Board of the Stock Exchange and was paid in full prior to the listing of the shares of the Company on the Stock Exchange.

The final dividend for 2011 of HK1.2 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$6,000,000 is calculated on the basis of 500,000,000 shares in issue at the date of this report.

13. 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 shares in issue (2010: weighted average number of 392,123,288 shares on the assumption that the Group Reorganisation and the capitalisation issue as detailed and disclosed in notes 2 and 26 have been effective on 1 October 2009).

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

14. INVESTMENT PROPERTIES

	HK$'000
Fair value	
At 1 October 2009	10,880
Net increase in fair value recognised in profit or loss during the year	1,440
At 30 September 2010	12,320
Net increase in fair value recognised in profit or loss during the year	8,430
At 30 September 2011	20,750

	2011	2010
	HK$'000	HK$'000
Investment properties held under medium-term leases are situated in		
— Macau	**17,750**	9,600
— PRC	**3,000**	2,720
	20,750	12,320

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 respective dates 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 taking into account the current rent receivables from the existing tenancy agreements and the reversionary potential of the property interests.

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 2011 and 30 September 2010, the Group pledged all of its investment properties to certain banks to secure the credit facilities granted to the Group.

15. 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 2009	22,231	4,964	5,403	3,432	13,887	—	49,917
Currency realignment	315	77	57	7	300	—	756
Additions	31	1,425	2,316	—	1,684	179	5,635
Write-off	—	—	(617)	—	—	—	(617)
At 30 September 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
DEPRECIATION							
At 1 October 2009	4,134	4,692	4,423	2,323	4,419	—	19,991
Currency realignment	60	66	17	13	82	—	238
Provided for the year	1,103	290	686	399	1,677	—	4,155
Eliminated on write-off	—	—	(617)	—	—	—	(617)
At 30 September 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
CARRYING VALUES							
At 30 September 2011	17,169	2,054	2,103	419	11,728	10,570	44,043
At 30 September 2010	17,280	1,418	2,650	704	9,693	179	31,924

	2011 HK$'000	2010 HK$'000
Land and buildings held under medium-term leases are situated in		
— Macau	**3,255**	3,334
— PRC	**13,775**	13,905
— Vietnam	**139**	41
	17,169	17,280

At 30 September 2011, the Group pledged certain of its land and buildings with an aggregate carrying value of HK$15,396,000 (2010: HK$15,610,000) to certain banks to secure the credit facilities granted to the Group.

16. LAND USE RIGHTS

	2011 HK$'000	2010 HK$'000
Carrying amount		
At 1 October	**18,670**	2,686
Currency realignment	**862**	(23)
Additions	**—**	16,142
Charged to profit or loss during the year	**(364)**	(135)
At 30 September	**19,168**	18,670
Analysed for reporting purposes as:		
Current asset (included in trade and other receivables)	**364**	—
Non-current asset	**18,804**	18,670
	19,168	18,670
Land use rights held under medium-term leases are situated in		
— PRC	**17,236**	16,632
— Vietnam	**1,932**	2,038
	19,168	18,670

At 30 September 2011, the Group pledged certain of its PRC land use rights amounting to HK$429,000 (2010: HK$433,000) to certain banks to secure the credit facilities granted to the Group.

17. CLUB DEBENTURES

During the year, the Group acquired certain club debentures for an aggregate amount of HK$1,444,000 from a related company in which certain directors, Mr. Ieong Un, Mr. Ip Chin Wing and Mr. Ip Ka Lun, have control. The club debentures have indefinite life and are measured at cost less accumulated impairment losses, if any, at the end of the reporting period. During the year, impairment loss of HK$364,000 was recognised with reference to the prices in recent transactions at the end of the reporting period.

18. INVENTORIES

	2011 HK$'000	2010 HK$'000
Raw materials	**26,300**	15,336
Finished goods	**53,920**	27,280
	80,220	42,616

19. TRADE AND OTHER RECEIVABLES

	2011 HK$'000	2010 HK$'000
Trade receivables	**88,549**	71,524
Bills receivables	**7,445**	200
	95,994	71,724
Value-added tax recoverable	**4,440**	4,578
Other receivables	**2,507**	2,352
Prepayments	**4,736**	2,785
Land use rights	**364**	—
	108,041	81,439

Payment terms with customers are mainly on credit. Invoices are normally payable 15 to 90 days (2010: 30 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

	2011 HK$'000	2010 HK$'000
0 to 30 days	**40,303**	31,110
31 to 60 days	**40,940**	31,983
61 to 90 days	**8,508**	7,760
91 to 180 days	**6,243**	871
	95,994	71,724

At 30 September 2011, included in the Group's trade receivable balances are balances with aggregate carrying amount of HK$16,015,000 (2010: HK$12,908,000) 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.

19. TRADE AND OTHER RECEIVABLES *(Continued)*

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

Age

	2011	2010
	HK$'000	HK$'000
1 to 30 days	**12,076**	9,384
31 to 60 days	**2,776**	2,593
61 to 90 days	**921**	817
91 to 180 days	**242**	114
	16,015	12,908

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 functional currency of the relevant group companies.

	2011	2010
	HK$'000	HK$'000
New Taiwan dollar	**4,477**	4,253
Renminbi	**10,352**	14,348
United States dollar	**55,737**	43,026
	70,566	61,627

20. PLEDGED/RESTRICTED 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. The pledged/restricted bank deposits carry interest at the prevailing market interest rate ranging from 0.03% to 0.4% per annum at 30 September 2011 (2010: 0.01% to 2.25%). Pledged/restricted bank deposits are to secure certain bank overdrafts and short-term bank loans and are therefore classified as current assets.

20. PLEDGED/RESTRICTED BANK DEPOSITS AND BANK BALANCES AND CASH *(Continued)*

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

	2011 HK$'000	2010 HK$'000
Renminbi	11	4,782
United States dollar	18,108	24,145
	18,119	28,927

21. TRADE AND OTHER PAYABLES

	2011 HK$'000	2010 HK$'000
Trade payables	39,200	32,496
Bills payables — secured	18,131	5,594
	57,331	38,090
Customers' deposits received	—	159
PRC business tax payable	979	1,700
Accruals	5,853	5,001
Others	2,442	2,095
	66,605	47,045

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

	2011 HK$'000	2010 HK$'000
0 to 30 days	36,795	20,922
31 to 60 days	17,170	14,567
61 to 90 days	2,132	2,535
91 to 180 days	1,234	66
	57,331	38,090

21. TRADE 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.

	2011 HK$'000	2010 HK$'000
Euro	**2,612**	5,831
New Taiwan dollar	**3,476**	4,488
Renminbi	**3,173**	19,593
United States dollar	**27,861**	9,985
	37,122	39,897

22. SECURED LONG-TERM BANK LOANS

The bank loans are repayable as follows:

	2011 HK$'000	2010 HK$'000
Carrying amount that contains a repayment on demand clause:		
— repayable within one year*	**3,537**	5,037
— repayable after one year from the end of the reporting period*	**7,167**	—
	10,704	5,037
Less: Amounts due within one year shown under current liabilities	**10,704**	5,037
	—	—

* 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 2011, the Group had variable rate bank loans which carry effective interest at 3.50% (2010: 3.25% to 4.00%) per annum.

At 30 September 2011, the Group had available credit facilities amounting to HK$40,366,000 (2010: HK$64,296,000).

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

23. SECURED SHORT-TERM BANK LOANS

	2011	2010
	HK$'000	HK$'000
Short-term bank loans	**22,959**	11,878
Trust receipt loans	**3,489**	—
	26,448	11,878

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 2011, the Group's short-term bank loans and trust receipt loans carried effective interest at 4.10% to 5.25% (2010: 5.31% to 6.50%) 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.

	2011	2010
	HK$'000	HK$'000
Renminbi	**—**	9,845
United States dollar	**17,959**	—

24. BANK OVERDRAFTS — SECURED

At 30 September 2011, bank overdrafts carried interest at the prevailing market rate ranging from 4.75% to 5.5% (2010: 5.6%) per annum.

25. 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 2009	1,463	645	2,108
Currency realignment	30	—	30
Charged to profit or loss during the year	6	146	152
At 30 September 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

Also, at 30 September 2011, the Group had tax losses of HK$11,488,000 (2010: HK$9,043,000) 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:

	2011 HK$'000	2010 HK$'000
Tax losses expired in		
— 2011	**—**	1,437
— 2012	**—**	4,403
— 2013	**—**	59
— 2014	**3,144**	3,144
— 2015	**8,344**	—
	11,488	9,043

26. SHARE CAPITAL

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

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

27. 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.

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 the year, no share options were granted by the Company nor exercised by any employees.

28. 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	
	2011	2010
	HK$'000	HK$'000
Within one year	**2,322**	1,914
In the second to fifth year inclusive	**4,295**	3,813
After five years	**2,974**	3,479
	9,591	9,206

	Motor vehicles	
	2011	2010
	HK$'000	HK$'000
Within one year	**437**	135

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

The Group as lessor

	2011	2010
	HK$'000	HK$'000
Within one year	**1,421**	935
In the second to fifth year inclusive	**316**	433
	1,737	1,368

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

At 30 September 2011, commitment for operating lease rental income in the above included commitment with companies which are wholly-owned by certain directors of the Company, Messrs. Ieong Un, Ip Chin Wing and Ip Ka Lun, as follows:

	2011	2010
	HK$'000	HK$'000
Within one year	**70**	49
In the second to fifth year inclusive	**30**	70
	100	119

29. CAPITAL COMMITMENTS

	2011 **HK$'000**	2010 HK$'000
Capital expenditure authorised but not contracted for in respect of the acquisition of property, plant and equipment	**31,081**	34,478
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment	**5,210**	6,195

30. 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. 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 scheme.

The total cost charged to profit or loss of HK$2,014,000 (2010: HK$1,748,000) represents contributions paid or payable to these schemes by the Group in respect of the current accounting period.

31. RELATED PARTY TRANSACTIONS

During the year, the Group has the following significant transactions with related parties:

	2011 **HK$'000**	2010 HK$'000
Property rental expenses paid to Mr. Ieong Un, a director of the Company	**833**	571
Property rental income received from related companies, which are wholly-owned by certain directors of the Company, Messrs. Ieong Un, Ip Chin Wing and Ip Ka Lun	**67**	61
Purchase of club debentures from a related company, which is wholly-owned by certain directors of the Company, Messrs. Ieong Un, Ip Chin Wing and Ip Ka Lun	**1,444**	—

The details of remuneration of key management personnel of the Group and emoluments of the directors of the Company paid during the year are set out in note 10.

32. 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	Nominal value of issued and fully paid share capital/registered capital/charter capital/ quota capital	Principal activities
Benino	British Virgin Islands	Shares — US$35	Provision of research and development and technical assistance services
Bracorp	British Virgin Islands	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	British Virgin Islands	Shares — US$100	Trading of raw materials and adhesive products
Keen Castle*	British Virgin Islands	Shares — US$2,000	Investment holding
ISH	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				
	2007	2008	2009	2010	**2011**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
RESULTS					
Turnover	218,127	287,808	267,579	296,040	**373,554**
Profit before taxation	20,119	29,337	32,077	16,316	**26,231**
Taxation	(224)	(753)	(1,380)	(251)	**(2,377)**
Profit for the year	19,895	28,584	30,697	16,065	**23,854**

	As at 30 September				
	2007	2008	2009	2010	**2011**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
ASSETS AND LIABILITIES					
Total assets	161,274	206,996	178,607	233,997	**313,023**
Total liabilities	(81,768)	(96,135)	(61,969)	(66,763)	**(126,612)**
Net assets	79,506	110,861	116,638	167,234	**186,411**

The results and summary of assets and liabilities for each of the three 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.