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 2010

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

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. Lau Chan Wing Raymond

AUTHORISED REPRESENTATIVES

Mr. Ip Chin Wing
Mr. Ip Ka Lun

AUDITOR

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

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 6, 11/F, Wayson Commercial Building
28 Connaught Road West
Hong Kong

HEAD OFFICE OF THE GROUP

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

COMPLIANCE ADVISOR

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

LEGAL ADVISOR

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

PRINCIPAL SHARE REGISTRAR

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

HONG KONG BRANCH SHARE REGISTRAR

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

PRINCIPAL BANKERS

Banco Tai Fung, 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 present the annual report of Infinity Chemical Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") since the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 August 2010 (the "Listing Date").

For the year ended 30 September 2010, the Company reported turnover of HK$296,040,000, representing a 10.6% growth compared to the previous year. Net profit attributable to shareholders amounted to HK$16,065,000, representing a decrease of 47.7% as compared to the previous year, taking into account the non-recurring expenses (which represented listing expenses) of HK$19,863,000 incurred during the financial year under review. Excluding such non-recurring expenses, profit for the financial year under review would have been HK$35,928,000, representing 17% growth as compared to the previous year.

DIVIDEND

The Board recommended the payment of a final dividend of HK1.8 cent per share for the year ended 30 September 2010, subject to the approval of shareholders at the forthcoming annual general meeting. The final dividend will be paid by the Company on or before 10 March 2011 to shareholders whose names appear on the register of members on 11 February 2011.

BUSINESS REVIEW

1. The PRC market

The Company reported growth in market share as it secured several new customers during the 2010 financial year. To the best of the Directors' knowledge and understanding, many workers from inland areas of the Group's major customers have chosen to stay behind in their homelands after the Chinese New Year holidays in 2010, resulting in an acute shortage of labour of the Group's major customers. Meanwhile, production has yet to commence at the newly-built plants in Mainland China of the Group's major customers pending completion of all construction works necessary for production. Consequently, the Group's major customers were not able to fulfill their orders on hand, let alone taking on new orders. As a result of the combined effect of the aforesaid factors, the Company's sales in the PRC market remained largely unchanged as compared to the previous year.

2. The Vietnamese market

The Company reported a stronger market share in Vietnam in the 2010 financial year, coupled with a 22% growth in sales as compared to the previous financial year.

3. The Bangladeshi market

The Company's manufacturing plants in Bangladesh are under construction and a local marketing and technical service team has been established. Supply of shoe adhesives to local customers through direct imports from China has now commenced.

4. The Indonesian market

The Company has been engaged by an internationally reputed brandname to supply products and services for their Indonesian plant starting 2010. The Company has also established a local marketing and technical service team and shoe adhesives have been supplied to local customers through our bonded warehouses.

5. Vulcanized water-based shoe adhesives

Sales of vulcanized shoes adhesives related products, our new product, amounted to HK$13,868,000 (2009: Nil) for the 2010 financial year. This new product has generated additional revenue and profit for the Company

6. Progress of new plant construction

New plant at Nansha, Guangzhou: Relevant architectural plans are ready and confirmed, including the "Construction Land Use Planning Permit" and the "Construction Land Use Approval". However, construction work of phase-one has been affected by restrictions imposed in connection with the Guangzhou Asian Games, and completion has been rescheduled to a later date. The Directors expect trial production of phase-one to begin in August 2011 upon work completion. The Company will obtain all relevant operating permits and licenses for operation prior to commencement of trial production. The timing of the construction of phase-two production facilities will be subject to market demand for the products and the utilization rate of phase-one production facilities.

New plant in Bangladesh: Construction work was behind schedule owing to the delay in the approval procedures of local government. Construction is currently near topping-out and we are enhancing supervision to expedite the work. The Directors expect completion of construction and commencement of production, after obtaining relevant permits and licenses, in August 2011.

New plant in Vietnam: In line with the original plan, construction will commence following the completion of new plants in Nansha and Bangladesh.

7. Honours and awards

The Company received the following awards during 2010:

1. Hong Kong Outstanding Enterprises 2010 — awarded by Economic Digest

2. Top 100 PRC Enterprises in Proprietary Innovations — awarded by China Association of Productivity Science

3. Rainforest Security Interest — awarded by Rainforest Forever Organization

PROSPECTS

While 2011 will remain a year full of challenges and opportunities, the Company is optimistic about results growth for the coming year. Although profit in the short term might be affected by the recent hike in raw material prices, such negative impact should have a reshuffling effect on the industry as a whole. 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, as well as ongoing diversion of the footwear manufacturing industry to low-cost countries or regions will present opportunities for the Company to enhance its performance. In fact, the Company's sales in the first two months of the new financial year are already more than 40% higher than the same period of the previous financial year. The Directors believe that the Company is now well-positioned to fully capitalise on these opportunities.

The Company anticipates 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 Company will also commit more resources to expedite/enhance marketing efforts for its range of vulcanized shoes adhesive related products, which are currently market leaders. Since their market launch in 2010, the new vulcanized shoes adhesive related products have been well received by customers and significant sales growth for the new products are anticipated for the current financial year. Meanwhile, the Company will also continue to expand its current sales and distribution network in China, with a view to increasing its domestic sales to capture additional market shares. We will also seek opportunities for cooperation with enterprises with proven strengths which would generate synergy effects with our Company.

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, 29 December 2010

RESULTS

The Group's turnover for the year ended 30 September 2010 was HK$296,040,000, representing an increase of approximately 10.6% over the last year. Profit attributable to equity holders of the Company decreased by approximately 47.7 % from HK$30,697,000 in 2009 to HK$16,065,000 in 2010. The Company's basic earnings per share was HK4.1 cents per share (2009: HK8.2 cents per share) based on the weighted average number of 392,123,288 (2009: 375,000,000) shares in issue during the year on the assumption that the Group Reorganisation and the capitalization issue have been effective on 1 October 2008.

The decrease in financial results in 2010 was mainly attributable to the inclusion of non-recurring listing related expenses amounted to HK$19,863,000 recognised in the profit and loss during the year ended 30 September 2010. If excluding non-recurring listing related expenses of HK$19,863,000, profit for the year would be increased by 17% from HK$30,697,000 for the year ended 30 September 2009 to HK$35,928,000 for the year under review.

FINANCIAL REVIEW

Turnover

The turnover of the Group increased by 10.6% from HK$267,579,000 in 2009 to HK$296,040,000 in 2010. The increase was principally due to the significant increase in the sales of adhesives by 23% from HK$150,973,000 in 2009 to HK$184,863,000 in 2010 which mainly came from (i) the increase in sales amounting to HK$21,472,000 in Vietnam region in 2010; and (ii) the additional sales of vulcanized shoes adhesives related products amounting to HK$13,868,000 in 2010.

Gross profit

The Group's gross profit increased from HK$65,074,000 in 2009 to HK$76,000,000 in 2010. The Group's average gross profit margin increased from 24.3% in 2009 to 25.7% in 2010. Such increase in gross profit was mainly due to the increase in gross profit margin of adhesive as a result of launching new product, vulcanized shoes adhesive related products, which has a higher profit margin during the year under review.

Changes in fair value of investment properties

The investment properties of the Group were revalued at the end of the reporting period by an independent professional valuer, LCH (Asia-Pacific) Surveyors Limited. The Group incurred a net gain of HK$1,440,000 in fair value changes of investment properties for the year ended 30 September 2010 due to appreciation of market values of properties located in Macau.

Selling and distribution expenses

The Group's selling and distribution costs increased to HK$11,349,000 for the year ended 30 September 2010 (2009: HK$10,318,000), representing an increase of HK$1,031,000 or 10% as compared with same period of last year. This increase was mainly due to the increases in salaries of marketing staff and export custom fees.

Administrative expenses

The Group's administrative expenses increased by 41.8% from HK$20,601,000 in 2009 to HK$29,221,000 in 2010, representing 7.7% in 2009 and 9.9% in 2010 of the Group's turnover. Such increase was mainly due to the increases in (i) salaries and benefits of administrative staff of approximately HK$3,990,000; (ii) rental expenses of HK$976,000; and (iii) professional advisory fees of HK$2,184,000.

Listing expenses

The Group has incurred non-recurring listing related expenses of HK$19,863,000 for the year ended 30 September 2010 which was an one-off expenses and not expected to be incurred in the coming year.

Interest on bank borrowings wholly repayable within five years

The Group's interest expenses on bank borrowings was increased slightly by 6.4% from HK$1,988,000 in 2009 to HK$2,115,000 in 2010, which was mainly due to the increase in short-term bank loans raised for the acquisition of land use rights of a parcel of land in Nansha, PRC, for the expansion of production facilities during the year.

Profit for the year

As a result of the foregoing, the Group's profit for the year decreased from HK$30,697,000 in 2009 to HK$16,065,000 in 2010. This was mainly attributable to the inclusion of non-recurring listing related expenses of HK$19,863,000 which was incurred during the year ended 30 September 2010.

If excluding the non-recurring listing expenses of HK$19,863,000, profit for the year would be increased by 17% from HK$30,697,000 for the year ended 30 September 2009 to HK$35,928,000 for the year under review.

Major Financial Ratios

	2010	2009
Trade receivable turnover (days)	**88**	69
Trade and bills payable turnover (days)	**63**	51
Inventory turnover (days)	**71**	68
Gearing ratio	**7.2%**	13.7%

Trade receivable turnover

The trade receivable turnover is calculated by dividing the trade receivables as of the end of the respective years by sales for the year and multiplied by 365 days. The trade receivables turnover days increased from 69 days as of 30 September 2009 to 88 days as of 30 September 2010, primarily due to the increase in sales in the fourth quarter of 2010, the payment for which were not yet due as at the year end date.

Trade and bills payable turnover

The trade and bills payable turnover is calculated by dividing the trade and bills payables as of the end of respective years by cost of sales for the year and multiplied by 365 days. The trade and bills payable turnover days increased from 51 days as of 30 September 2009 to 63 days as of 30 September 2010.

Inventory turnover

The inventory turnover is calculated by dividing the inventories as of the end of respective years by cost of sales for the year and multiplied by 365 days. The inventory turnover days increased slightly from 68 days in 2009 to 71 days in 2010 which enable the Group to keep the minimum inventory level in order to meet the demand of our customers.

Gearing ratio

Gearing ratio is calculated by dividing total borrowings by total assets at the end of the respective years. With net funds of approximately HK$49,000,000 raised from the initial public offerings of the Company's shares upon successful listing on 12 August 2010, the gearing ratio was improved and dropped from 13.7% as at 30 September 2009 to 7.2% as at 30 September 2010.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow

The Group has pledged bank deposits, cash and bank balances amounted to HK$43,340,000 (2009: HK$40,563,000). The net cash position of the Group as at 30 September 2010 was approximately HK$26,423,000, increased by HK$10,341,000 from HK$16,082,000 as at 30 September 2009. Net cash generated from operating activities and financing activities were HK$4,371,000 and HK$27,129,000 respectively, while HK$10,329,000 was used on investing activities. Net cash outflows from investing activities of HK$16,142,000 was mainly spent for the payment of the land use rights for a parcel of lands in Nansha, PRC, which was planned for the expansion of the Group's production facility.

Borrowings

Bank borrowings were mainly in Hong Kong dollars while borrowings in RMB amounted to RMB8,500,000. As at 30 September 2010, total bank borrowings of the Group amounted to HK$16,917,000 (2009: HK$24,481,000) and are mostly short term and repayable within one year and on floating interest rates basis.

Other capital resources

As at 30 September 2010, the Group had current assets amounted to HK$167,395,000 (2009: HK$135,115,000) and current liabilities amounted to HK$64,473,000 (2009: HK$58,378,000). The Group's current ratio improved from 2.3 times as at 30 September 2009 to 2.6 times as at 30 September 2010.

As at 30 September 2010, the Group's total net assets amounted to HK$167,234,000 (2009: HK$116,638,000), an increase of HK$50,596,000 or 43.3% when compared with last year.

The Group has bank balances, bank borrowings, pledged bank deposits, sales and purchases denominated in foreign currencies which expose the Group to foreign currency risk. The currency risk for those subsidiaries with functional currency in Hong Kong Dollars ("HKD") were mainly attributable to the pledged bank deposits, bank balances, bank borrowings, trade receivables, trade payables denominated in United States Dollars ("USD") and Renminbi ("RMB") as at the end of the reporting period. As the exchange rate of HKD is pegged against USD, the Directors were of the opinion that the currency risk of USD was insignificant to the Group. As the appreciation of RMB is expected to slow down, the currency risk exposure to RMB was also minimal and did not have any material effect to the Group.

The Group currently does not have a foreign currency hedging policy. However, the Directors will constantly monitor the Group's foreign exchange exposure and will consider to implement foreign currency hedging measures should the need arises.

Pledge of assets

As at 30 September 2010, the Group has pledged certain of its land and buildings with an aggregate carrying value of HK$28,363,000 to certain banks in Macau and PRC to secure the credit facilities granted to the Group.

Capital expenditures

During the year under review, the Group had invested RMB14,080,000 for acquisition of land use rights of a parcel of lands in Nansha, PRC, for the expansion of production facilities.

Capital commitments

As at 30 September 2010, the Group had capital commitments of approximately HK$40,673,000 (2009: HK$382,000), all of which were related to acquisition of property, plant and equipment.

INITIAL PUBLIC OFFERING AND USE OF NET PROCEEDS

On 12 August 2010, the shares of the Company were successfully listed on Main Board of the Stock Exchange. The initial public offering (the "IPO") was well received by both the international offering and the public offering in Hong Kong. The Hong Kong public offering was oversubscribed by approximately 721 times. The net proceeds from the Listing amounted to HK$49,000,000 which are intended to be applied in accordance with the proposed application set out in the section headed "Use of Proceeds" in the prospectus dated 29 July 2010 issued by the Company (the "Prospectus"). Up to the financial year ended 30 September 2010, there was no significant amount of usage out of the net proceeds from the IPO.

EMPLOYEES AND REMUNERATION POLICY

The Company 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.

As at 30 September 2010, the Group had a total of 314 full-time employees and the total salaries and related staff costs in 2010 amounted to HK$21,004,000 (2009: HK$13,459,000).

Corporate Governance Report

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 Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code of corporate governance. The directors of the Company (the "Directors") consider that since the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 August 2010 (the "Listing Date") and up to the date of this annual report, 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 from the Listing Date up to the date of this annual report (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 2010 and the date of this annual report, the Board comprised four 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

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 17 to 20 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 one board meeting held, at which the Directors approved, among other things, the annual results of the Group for the year ended 30 September 2010.

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.

Attendance Record

The following is the attendance record of the board meeting held by the Board during the Review Period:

	Attendance at meeting
Executive Directors	
Mr. Ieong Un *(Chairman and Chief Executive Officer)*	1/1
Mr. Ip Chin Wing	1/1
Mr. Ip Ka Lun	1/1
Mr. Stephen Graham Prince	1/1
Independent Non-executive Directors	
Mr. Chan Wing Yau George	1/1
Mr. Ho Gilbert Chi Hang	1/1
Mr. Poon Yick Pang Philip	1/1

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 one year from 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 A2.1 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 20 years of experience in the adhesive related industry. The Directors consider that vesting two roles in the same person provides the Group with strong and consistent leadership in the development and execution of the Group's business strategies and is beneficial to the Group.

The Directors will continue to review the effectiveness of the current structure and assess whether change in the separation of the roles of Chairman and Chief Executive Officer is necessary.

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 the Listing Date.

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 one meeting, 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 final results for the year ended 30 September 2010, 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.

As the Company was listed on 12 August 2010, no Remuneration Committee meeting was held during the Review Period. From 2011 onwards, the Remuneration Committee will conduct meeting at least once a year.

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.

As the Company was listed on 12 August 2010, no Nomination Committee meeting was held during the Review Period. From 2011 onwards, the Nomination Committee will conduct meeting at least once a year.

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 31 and 32.

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 2010, 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 2010, apart from the provisions of annual audit services, the Group's external auditor, Deloitte Touche Tohmatsu, was also the reporting accountants of the Company in relation to the listing.

For the year ended 30 September 2010, the total fees paid or payable in respect of audit and non-audit services provided by the Group's external auditor is set out below:

	For the year ended 30 September 2010 HK$
Annual audit services	**1,480,000**
Reporting accountants and other non-audit services	**8,776,000**

Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Ieong Un, aged 56, 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 20 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, the Controlling Shareholder.

Mr. Ip Chin Wing, aged 56, 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 56, 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 16 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 48, 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.

Independent Non-executive Directors

Mr. Poon Yick Pang, Philip, aged 41, was appointed as an independent non-executive Director in March 2010. Mr. Poon has over 15 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 34, 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 55, 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 47, 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. Li Bo Tao, aged 42, is the director of administration department of the Group. He graduated from 哈爾濱工程大學 (Harbin Engineering University) (formerly known as 哈爾濱船舶工程學院 (Harbin Ship Engineering Institute)) and obtained a bachelor degree in engineering in 1990. He was a general manager of a business consultancy company responsible for the provision of testing, verification, technical consultancy and inspection of products from customers in the PRC for seven years before joining the Group in 2007. Mr. Li is responsible for implementation of policies and rules of the Group in monitoring and strengthening guidelines for the administration and logistics of the Group. He is also responsible for establishing and promoting the enterprise culture of the Group.

Mr. Liu Feng, aged 36, 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 41, 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 40, 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 41, 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 47, 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.

Mr. Lau Chan Wing Raymond, aged 54, is the chief financial officer and company secretary of the Group. Graduated from Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic) with a diploma in accountancy in 1977, Mr. Lau is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of International Accountants of United Kingdom. Before joining the Group in March 2010, Mr. Lau was the financial controller of Soundwill Holdings Limited (stock code: 878), a company listed on the main board of the Stock Exchange, from September 2004 to June 2009. Prior to that, Mr. Lau had been the financial controller of China Grand Pharmaceutical and Healthcare Holdings Limited (formerly known as Maxx Bioscience Holdings Limited) (stock code: 512), a company listed on the main board of the Stock Exchange, from June 1995 to September 2004. Prior to that, Mr. Lau had over 15 years' experience in financial management and accounting and held senior financial management positions in several multinational and listed companies in Hong Kong and overseas. From October 1977 to November 1980, Mr. Lau also had three years' auditing experience with KPMG in Hong Kong.

Directors' Report

The Directors hereby present their annual report and the audited consolidated financial statements of the Group for the year ended 30 September 2010.

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 of Hong Kong (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 page 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 2010 are set out in the consolidated statement of comprehensive income on page 33 of this annual report.

The Directors recommend the payment of a final dividend of HK1.8 cents per share for the year ended 30 September 2010 to the shareholders whose names appear on the register of members of the Company on 11 February 2011. The final dividend is expected to be paid on or about 10 March 2011.

FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last four years are set out on page 84 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

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

LISTING OF THE SHARES AND SHARE CAPITAL OF THE COMPANY

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

Details of the movements during the year in the issued share capital of the Company are set out in note 24 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 36 of this annual report.

BORROWINGS

Details of bank loans of the Group as at 30 September 2010 are set out in notes 20 to 22 to the consolidated financial statements of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 30 September 2010, sales to the Group's five largest customers accounted for 55.3% of the Group's total turnover for the year. The largest customer was Pou Chen Group which accounted for 30% of the total turnover of the Group for the year ended 30 September 2010.

For the year ended 30 September 2010, the Group's purchases attributable to the five largest suppliers and the largest supplier accounted for 46% and 13% respectively of the Group's total purchases for the year.

For the year ended 30 September 2010, 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 (appointed on 26 March 2010)
Mr. Ip Chin Wing (appointed on 26 March 2010)
Mr. Ip Ka Lun (appointed on 26 March 2010)
Mr. Stephen Graham Prince (appointed on 26 March 2010)

Independent Non-executive Directors

Mr. Chan Wing Yau George (appointed on 26 March 2010)
Mr. Ho Gilbert Chi Hang (appointed on 26 March 2010)
Mr. Poon Yick Pang Philip (appointed on 26 March 2010)

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 the Listing Date 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 one year commencing from the Listing Date subject to termination by not less than one month's notice in writing served by either party to the other. The appointments are subject to the provisions of retirement by rotation of Directors under the Articles.

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

Remuneration of the Directors

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

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

Remuneration Policy

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

Retirement Benefits Scheme

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

Share Option Scheme

The Company has conditionally adopted a Share Option Scheme on 22 July 2010. Details of the Share Option Scheme are set out in the paragraph headed "Share Option Scheme" on page 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 Rules Governing the Listing of Securities on the Stock Exchange (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 2010 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%

Note: These Shares are held by All Reach Investments Limited ("All Reach"), the entire issued share capital of which is wholly and beneficially owned by Mr. Ieong. By virtue of the SFO, Mr. Ieong is deemed to be interested in the entire 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	337,500,000	Long	67.50%
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. 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 entire 37,500,000 Shares held by Raffles Partners.

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

5. Pyrope Assets Limited is a company incorporated in the British Virgin Islands, the entire issued share capital of which is owned by CK Life Sciences Int'l., (Holdings) Inc., a company incorporated in 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 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.

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 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 audited annual results of the Group for the year ended 30 September 2010.

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. Since the Listing Date and up to the date of this annual report, 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 11 to 16 of this annual report.

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

Since the Listing Date, 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 2010.

USE OF NET PROCEEDS FROM THE COMPANY'S LISTING

The total net proceeds from the listing, amounted to approximately HK$49,000,000, are intended to be applied in accordance with the proposed application set out in the section headed "Use of Proceeds" on pages 240 to 241 in the Prospectus dated 29 July 2010.

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 since the Listing Date and 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 Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

CLOSURE OF THE REGISTER OF MEMBERS

The Company's register of members will be closed from Monday, 14 February 2011 to Friday, 18 February 2011, both days inclusive, during which no transfer of shares will be registered. In order to qualify for entitlement of the final dividend, all transfers of shares accompanied by the relevant share certificates and instruments of transfers must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 11 February 2011.

On behalf of the Board
Ieong Un
Chairman

Hong Kong, 29 December 2010

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 33 to 83, which comprise the consolidated statement of financial position as at 30 September 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 and the true and fair presentation of these consolidated financial statements 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. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 as to 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 and true and fair presentation of the consolidated financial statements 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 2010 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
29 December 2010

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2010

	NOTES	2010 HK$'000	2009 HK$'000
Turnover	7	**296,040**	267,579
Cost of goods sold		**(220,040)**	(202,505)
Gross profit		**76,000**	65,074
Other income		**1,424**	3,880
Changes in fair value of investment properties		**1,440**	(3,970)
Selling and distribution costs		**(11,349)**	(10,318)
Administrative expenses		**(29,221)**	(20,601)
Listing expenses		**(19,863)**	—
Interest on bank borrowings wholly repayable within five years		**(2,115)**	(1,988)
Profit before taxation	8	**16,316**	32,077
Taxation	10	**(251)**	(1,380)
Profit for the year		**16,065**	30,697
Other comprehensive income			
— exchange differences arising on translation of foreign operations		**985**	(332)
Total comprehensive income for the year		**17,050**	30,365
Earnings per share — Basic	12	**HK4.1 cents**	HK8.2 cents

Consolidated Statement of Financial Position

At 30 September 2010

	NOTES	2010 HK$'000	2009 HK$'000
Non-current assets			
Investment properties	13	**12,320**	10,880
Property, plant and equipment	14	**31,924**	29,926
Land use rights	15	**18,670**	2,686
Deposits made on acquisition of property, plant and equipment		**3,688**	—
		66,602	43,492
Current assets			
Inventories	16	**42,616**	37,559
Trade and other receivables	17	**81,439**	56,993
Pledged/restricted bank deposits	18	**19,511**	34,476
Bank balances and cash	18	**23,829**	6,087
		167,395	135,115
Current liabilities			
Trade and other payables	19	**47,045**	34,961
Taxation		**511**	419
Current portion of secured long-term bank loans	20	**5,037**	3,150
Secured short-term bank loans	21	**11,878**	16,353
Bank overdrafts — secured	22	**2**	3,495
		64,473	58,378
Net current assets		**102,922**	76,737
Total assets less current liabilities		**169,524**	120,229

	NOTES	2010 HK$'000	2009 HK$'000
Non-current liabilities			
Secured long-term bank loans	20	—	1,483
Deferred taxation	23	2,290	2,108
		2,290	3,591
Net assets		167,234	116,638
Capital and reserves			
Share capital	24	5,000	16
Reserves		162,234	116,622
Total equity		167,234	116,638

The consolidated financial statements on pages 33 to 83 were approved and authorised for issue by the Board of Directors on 29 December 2010 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 2010

	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 2008	884	—	—	5,332	437	—	104,208	110,861
Profit for the year	—	—	—	—	—	—	30,697	30,697
Exchange differences arising on translation of foreign operations	—	—	—	(332)	—	—	—	(332)
Total comprehensive income for the year	—	—	—	(332)	—	—	30,697	30,365
Transfer upon the group reorganisation	(868)	—	868	—	—	—	—	—
Dividends recognised as distribution	—	—	—	—	—	—	(24,588)	(24,588)
	(868)	—	868	—	—	—	(24,588)	(24,588)
At 30 September 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

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 2010

	2010 HK$'000	2009 HK$'000
Operating activities		
Profit before taxation	**16,316**	32,077
Adjustments for:		
Interest income	**(123)**	(135)
Interest expenses	**2,115**	1,988
Depreciation	**4,155**	3,613
Operating lease rentals in respect of land use rights	**135**	27
Loss on disposal of property, plant and equipment	**—**	4
Changes in fair value of investment properties	**(1,440)**	3,970
Operating cash flows before movements in working capital	**21,158**	41,544
(Increase) decrease in inventories	**(4,222)**	11,861
(Increase) decrease in trade and other receivables	**(24,394)**	12,737
Increase (decrease) in trade and other payables	**11,836**	(7,770)
Cash from operations	**4,378**	58,372
Taxation paid	**(7)**	(217)
Net cash from operating activities	**4,371**	58,155
Investing activities		
Interest received	**123**	135
Purchase of property, plant and equipment	**(5,635)**	(1,132)
Deposits paid on acquisition of property, plant and equipment	**(3,688)**	—
Proceeds from disposal of property, plant and equipment	**—**	2
Purchase of land use rights	**(16,142)**	—
Advances made to a director	**—**	(11,355)
Decrease (increase) in pledged/restricted bank deposits	**15,013**	(14,658)
Net cash used in investing activities	**(10,329)**	(27,008)

	2010 HK$'000	2009 HK$'000
Financing activities		
Interest paid	**(2,115)**	(1,988)
Dividends paid	**(35,000)**	—
Proceeds from the issue of shares	**75,000**	—
Expenses incurred in connection with the issue of shares	**(6,454)**	—
Bank loans raised	**31,058**	16,353
Repayment of bank loans	**(35,360)**	(37,152)
Net cash from (used in) financing activities	**27,129**	(22,787)
Net increase in cash and cash equivalents	**21,171**	8,360
Cash and cash equivalents at 1 October	**2,592**	(5,783)
Effect of foreign exchange rate changes	**64**	15
Cash and cash equivalents at 30 September	**23,827**	2,592
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	**23,829**	6,087
Bank overdrafts	**(2)**	(3,495)
	23,827	2,592

Notes to the Consolidated Financial Statements

For the year ended 30 September 2010

1. GENERAL

The Company was incorporated in the Cayman Islands on 15 December 2009 and registered as an exempted company under the Companies Law of the Cayman Islands. Its shares were 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 principal place of business in Hong Kong and Macau Special Administrative Region, Mainland China ("Macau") are Unit 6, 11/F, Wayson Commercial Building, 28 Connaught Road West, Hong Kong; and Rua De Pequim, Nos. 202A–246, Macau Finance Centre, 16 andar A–D, Macau, respectively.

The 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"), Bracrop 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"). On 2 July 2008, Keen Castle Limited ("Keen Castle") was incorporated in the British Virgin Islands and controlled by the Controlling Shareholder.

(b) Pursuant to share transfer agreements dated 10 June 2009 and supplementary agreement dated 30 December 2009, Keen Castle 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$1.00 each.

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

(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.

The Group resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the consolidated statements of comprehensive income and cash flows for each of the two years 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 each of the two years ended 30 September 2010, or since their respective dates of incorporation/establishment where this is a shorter period.

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

The Hong Kong Institute of Certified Public Accountants issued a number of new and revised Hong Kong Accounting Standards ("HKASs") and HKFRSs, Amendments and Interpretations ("INTs") (hereinafter collectively referred to as the "new and revised HKFRSs") which are effective for the Group's accounting periods beginning on 1 October 2009. For the purposes of preparing and presenting the financial statements for each of the two years ended 30 September 2010, the Group has adopted all these new and revised HKFRSs consistently throughout each of the two years ended 30 September 2010.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[7]
HKAS 24 (Revised)	Related party disclosures[4]
HKAS 32 (Amendment)	Classification of rights issues[3]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[2]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first time adopters[6]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions[2]
HKFRS 7 (Amendment)	Disclosures — Transfers of financial assets[8]
HKFRS 9	Financial instruments[5]
HK(IFRIC*) — INT 14	Prepayments of a minimum funding requirement[4]
HK(IFRIC) — INT 19	Extinguishing financial liabilities with equity instruments[6]

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

* IFRIC represents the International Financial Reporting Interpretations Committee.

1 Amendments that are effective for annual periods beginning on or after 1 January 2010.
2 Effective for annual periods beginning on or after 1 January 2010.
3 Effective for annual periods beginning on or after 1 February 2010.
4 Effective for annual periods beginning on or after 1 January 2011.
5 Effective for annual periods beginning on or after 1 January 2013.
6 Effective for annual periods beginning on or after 1 July 2010.
7 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
8 Effective for annual periods beginning on or after 1 July 2011.

The directors of the Company anticipate that the application of the new and revised HKFRSs 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 under the historical cost basis, except for investment properties which are measured at fair values, and in accordance with the following accounting policies which conform with HKFRSs. 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.

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 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 combined 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combination under common control *(Continued)*

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 combination, where there is a shorter period, regardless of the date of the common control combination.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold 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 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. On initial recognition, investment properties are 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 provided 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%

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

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

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

Research and development costs

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

An internally-generated intangible asset arising from development (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. 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.

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 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 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 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
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of loans and receivables, such as trade 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 30 to 90 days and 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

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 through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables, bank loans and bank overdrafts are subsequently measured at amortised cost, using the effective interest method.

Equity instrument

Equity instrument issued by the Company and the group entity 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, the difference between the asset's carrying amount and the sum of the consideration received and receivable 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.

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 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the 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).

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Share-based payment transactions

Equity-settled share based payment transactions

Share options granted to directors and employees of the Company

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

Share options granted to other participants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share options reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

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

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as finance lease and accounted for as property, plant and equipment or investment properties. To the extent the allocation of the lease payments can be made reliably, leasehold land is classified as finance leases if substantially all the risks and rewards incidental to ownership of the land element is transferred to the Group. In other cases, leasehold land is classified as operating leases.

The up-front payments to acquire leasehold interest in land are accounted for as operating leases and are stated at cost and released over the lease term on a straight line basis.

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 the group entities will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance.

The 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 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 share issues 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

	2010	2009
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**117,416**	93,461
Financial liabilities		
Amortised cost	**57,102**	52,923

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 and bank overdrafts. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and 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 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 Group's management 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.

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk (Continued)

Credit risk is concentrated in one customer, which accounted for HK$15,369,000 or 21% (2009: HK$10,509,000 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.

Currency risk

Certain subsidiaries of the Company have foreign currency sales, which expose the Group to risk in Renminbi, New Taiwan dollar, Euro and United States dollar. During the year ended 30 September 2010, approximately 70% (2009: 66%) 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	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Renminbi	**19,130**	36,720	**29,438**	28,035
New Taiwan dollar	**4,253**	3,937	**4,488**	2,266
Euro	**—**	—	**5,831**	2,452
United States dollar	**67,171**	36,937	**9,985**	6,277
	90,554	77,594	**49,742**	39,030

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Currency risk (Continued)

Under the pegged exchange rate system, the financial exposure on exchange rate fluctuation between HK$ and United States dollar is considered as insignificant by the directors. The sensitivity analysis below includes only outstanding foreign currency denominated monetary items at the end of the reporting period and has been determined based on the exposure to exchange rates of Renminbi, New Taiwan dollar and Euro 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:

	2010	2009
	HK$'000	HK$'000
Increase (decrease) in profit for the year		
— Renminbi	**387**	(382)
— New Taiwan dollar	**9**	(74)
— Euro	**219**	108
	615	(348)

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

Interest rate risk management

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 and bank 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 and bank 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. 10 basis points (2009: 50 basis points) increase 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

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Interest rate risk management (Continued)

If interest rates on pledged/restricted bank deposits, bank balances, bank overdraft and bank loans had been 10 basis points (2009: 50 basis points) higher and all other variables were held constant, the potential effect on profit for the year is as follows:

	2010 HK$'000	2009 HK$'000
Increase in profit for the year	20	71

In management's opinion, the sensitivity analysis is unrepresentative of the interest rate risk as the period end exposure does not reflect the exposure during the year.

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.

6. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk management (Continued)

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up to reflect the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. 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	1 to 5 years	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Financial liabilities								
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
At 30 September 2009								
Trade and other payables	N/A	—	24,681	3,761	—	—	28,442	28,442
Bank loans	5.13	—	4,298	940	15,180	1,538	21,956	20,986
Bank overdrafts	5.44	3,495	—	—	—	—	3,495	3,495
		3,495	28,979	4,701	15,180	1,538	53,893	52,923

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 other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flows analysis using prices or rates from observable current market transactions 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 reports prepared in accordance with accounting policies conform to HKFRSs, that are regularly reviewed by the management of the Company. The management of the Company regularly reviews revenue analysis by products, including vulcanized shoes adhesive related products, other adhesives, primers, hardeners and others, and by locations. However, other than revenue analysis, no operating results and other discrete financial information is available for the assessment of performance of the respective products and locations. The management of the Company reviews the overall results of the Group as a whole to make decisions about resources allocation. Accordingly, no analysis of 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:

	2010 **HK$'000**	2009 HK$'000
Sales of		
— vulcanized shoes adhesive related products	**13,868**	—
— other adhesives	**170,995**	150,973
— primers	**63,927**	68,741
— hardeners	**44,579**	44,862
— others	**2,671**	3,003
	296,040	267,579

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:

	2010 HK$'000	2009 HK$'000
Turnover		
— PRC	**172,586**	172,012
— Vietnam	**117,039**	95,567
— Indonesia	**4,927**	—
— Bangladesh	**1,488**	—
	296,040	267,579

For the year ended 30 September 2010, there was one (2009: one) customer with revenue of HK$89,379,000 (2009: HK$79,486,000) 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:

	2010 HK$'000	2009 HK$'000
PRC	**61,942**	41,057
Vietnam	**2,183**	2,435
Bangdalesh	**2,477**	—
	66,602	43,492

8. PROFIT BEFORE TAXATION

	2010 HK$'000	2009 HK$'000
Profit before taxation has been arrived at after charging:		
Directors' remuneration (note 9)	3,922	2,825
Other staff's retirement benefits scheme contributions	1,404	1,159
Other staff costs	19,600	12,300
	24,926	16,284
Less: Staff costs included in research and development costs	(862)	(487)
	24,064	15,797
Auditor's remuneration	1,535	1,500
Cost of inventories recognised as expenses	214,958	197,748
Depreciation	4,155	3,613
Exchange loss	958	—
Loss on disposal of property, plant and equipment	—	4
Operating lease rentals in respect of		
— land use rights	135	27
— motor vehicles	1,390	1,758
— rented premises	1,773	988
Research and development cost included in administrative expenses	862	487
Royalty fees included in cost of goods sold*	2,815	3,309
and after crediting:		
Gross property rental income before deduction of outgoings	1,200	1,207
Less: Outgoings	(265)	(289)
	935	918
Exchange gain	—	1,353
Interest income	123	135

* In 2005, the Group entered into an agreement with an independent Japanese company, No-Tape Industrial Co. Ltd., which provided technical assistance in producing or 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 sold by the Group for certain products. The Agreement was renewed in 2009 with a term of 3 years.

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

	2010 HK$'000	2009 HK$'000
Directors' fees	—	—
Other emoluments to independent non-executive directors		
— basic salaries and allowances	60	—
Other emoluments to executive directors		
— basic salaries and allowances	3,366	2,434
— bonus	152	132
— retirement benefits scheme contributions	344	259
	3,922	2,825

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

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

	2010 **HK$'000**	2009 HK$'000
Executive directors		
Mr. Ieong Un		
— basic salaries and allowances	**1,624**	1,245
— bonus	**78**	72
— retirement benefits scheme contributions	**148**	113
	1,850	1,430
Mr. Ip Chin Wing		
— basic salaries and allowances	**326**	175
— bonus	**9**	9
— retirement benefits scheme contributions	**72**	53
	407	237
Mr. Ip Ka Lun		
— basic salaries and allowances	**732**	569
— bonus	**31**	29
— retirement benefits scheme contributions	**64**	45
	827	643
Mr. Stephen Graham Prince		
— basic salaries and allowances	**684**	445
— bonus	**34**	22
— retirement benefits scheme contributions	**60**	48
	778	515
Independent non-executive directors		
Mr. Chan Wing Yau, George		
— basic salaries and allowances	**20**	—
Mr. Ho Chi Hang, Gilbert		
— basic salaries and allowances	**20**	—
Mr. Poon Yick Pang, Philip		
— basic salaries and allowances	**20**	—
	60	—
Total	**3,922**	2,825

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

The five highest paid individuals included four directors of the Company for the year ended 30 September 2010 (2009: three), details of whose emoluments are included above. The emoluments of the remaining highest paid individual(s) during the year were as follows:

	2010	2009
	HK$'000	HK$'000
Employees		
— basic salaries and allowances	**510**	508
— bonus	**—**	12
— retirement benefits scheme contributions	**—**	41
	510	561

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

10. TAXATION

	2010	2009
	HK$'000	HK$'000
The charge comprises:		
PRC Enterprise Income Tax ("EIT")	**(71)**	(132)
Macau complementary tax	**(28)**	(234)
	(99)	(366)
Deferred taxation	**(152)**	(1,014)
	(251)	(1,380)

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.

On 16 March 2007, the Law of the PRC on Enterprise Income Tax (the "new EIT Law") was passed by the National People's Congress of the PRC, the income tax rate for both domestic and foreign-investment enterprise was unified at 25% effective from 1 January 2008. Certain PRC subsidiaries of the Group which were entitled to the preferential tax treatments, including exemption and reduction from the standard income tax rate, could continue to enjoy such treatments until they expire.

10. TAXATION *(Continued)*

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.

During the year, certain subsidiaries of the Group were principally engaged in the provision of marketing services and technical assistance services to other group companies. Though these subsidiaries were incorporated outside the PRC, the gross amounts of their income were captured under PRC Business Tax at 5%. The local PRC authorities in charge of taxation of these non-PRC subsidiaries, after examining their business activities in the PRC during the year, agreed that the relevant business activities did not constitute as a taxable presence for the PRC Income Tax purpose.

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.

10. TAXATION *(Continued)*

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

	2010 HK$'000	2010 %	2009 HK$'000	2009 %
Profit before taxation	**16,316**		32,077	
Tax at the applicable income tax rate#	**(4,079)**	**(25.0)**	(8,019)	(25.0)
Tax effect of expenses not deductible for tax purposes	**(6,388)**	**(39.2)**	(211)	(0.7)
Tax effect of income not taxable for tax purposes	**341**	**2.1**	22	0.1
Tax effect of tax exemption granted to certain subsidiaries	**9,588**	**58.8**	9,309	29.0
Tax effect of deductible temporary differences not recognised	**—**	**—**	(66)	(0.2)
Utilisation of tax losses previously not recognised	**804**	**4.9**	—	—
Tax effect of tax losses not recognised	**(786)**	**(4.8)**	(719)	(2.2)
Withholding tax on undistributed earnings	**(6)**	**—**	(1,463)	(4.6)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**275**	**1.7**	(233)	(0.7)
Tax charge and effective tax rate for the year	**(251)**	**(1.5)**	(1,380)	(4.3)

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

11. DIVIDENDS

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 indicate that this special dividend is conditional upon the approval in principle of a proposed listing of the Company on the Main Board of the Stock Exchange and is paid in full prior to the listing of the shares of the Company on the Stock Exchange.

During the year ended 30 September 2009, ISH distributed dividends amounting to HK$24,588,000 to its then owner in October 2008 prior to the Group Reorganisation.

The final dividend of HK1.8 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$9,000,000 is calculated on the basis of 500,000,000 shares in issue at the date of this report.

12. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year is based on the consolidated profit attributable to the owners of the Company and on the weighted average number of 392,123,288 (2009: 375,000,000) shares in issue during the year on the assumption that the Group Reorganisation and the capitalisation issue as detailed in note 2 have been effective on 1 October 2008.

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

13. INVESTMENT PROPERTIES

	HK$'000
Fair value	
At 1 October 2008	14,850
Net decrease in fair value recognised in profit or loss during the year	(3,970)
At 30 September 2009	10,880
Net increase in fair value recognised in profit or loss during the year	1,440
At 30 September 2010	12,320

	2010	2009
	HK$'000	HK$'000
Investment properties held under medium-term leases are situated in		
— PRC	**2,720**	2,310
— Macau	**9,600**	8,570
	12,320	10,880

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 2010 and 30 September 2009, the Group has pledged all of its investment properties to certain banks to secure the credit facilities granted to the Group.

14. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Construction in progress HK$'000	Total HK$'000
COST							
At 1 October 2008	22,252	4,954	5,215	3,293	13,152	—	48,866
Currency realignment	(21)	(21)	—	(7)	(20)	—	(69)
Additions	—	31	188	158	755	—	1,132
Disposals	—	—	—	(12)	—	—	(12)
At 30 September 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
DEPRECIATION							
At 1 October 2008	3,058	4,545	3,980	1,906	2,943	—	16,432
Currency realignment	(12)	(16)	—	(4)	(16)	—	(48)
Provided for the year	1,088	163	443	427	1,492	—	3,613
Eliminated on disposals	—	—	—	(6)	—	—	(6)
At 30 September 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
CARRYING VALUES							
At 30 September 2010	17,280	1,418	2,650	704	9,693	179	31,924
At 30 September 2009	18,097	272	980	1,109	9,468	—	29,926

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	2010 HK$'000	2009 HK$'000
Land and buildings held under medium-term leases are situated in		
— PRC	**13,905**	14,595
— Macau	**3,334**	3,414
— Vietnam	**41**	88
	17,280	18,097

At 30 September 2010, the Group has pledged certain of its land and buildings with an aggregate carrying value of HK$15,610,000 (2009: HK$15,284,000) to certain banks to secure the credit facilities granted to the Group.

15. LAND USE RIGHTS

	2010 HK$'000	2009 HK$'000
Carrying amount		
At 1 October	**2,686**	2,895
Currency realignment	**(23)**	(182)
Additions	**16,142**	—
Charged to profit or loss during the year	**(135)**	(27)
At 30 September	**18,670**	2,686
Land use rights held under medium-term leases are situated in		
— PRC	**16,632**	452
— Vietnam	**2,038**	2,234
	18,670	2,686

At 30 September 2010, the Group has pledged certain of its PRC land use rights amounted to HK$433,000 (2009: HK$452,000) to certain banks to secure the credit facilities granted to the Group.

16. INVENTORIES

	2010 HK$'000	2009 HK$'000
Raw materials	**15,336**	13,218
Finished goods	**27,280**	24,341
	42,616	37,559

17. TRADE AND OTHER RECEIVABLES

	2010 HK$'000	2009 HK$'000
Trade receivables	**71,524**	50,600
Value-added tax recoverable	**4,578**	3,008
Other receivables	**2,552**	2,298
Prepayments	**2,785**	1,087
	81,439	56,993

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

	2010 HK$'000	2009 HK$'000
0 to 30 days	**30,910**	36,277
31 to 60 days	**31,983**	8,534
61 to 90 days	**7,760**	4,066
91 to 180 days	**871**	1,498
181 to 365 days	**—**	225
	71,524	50,600

At 30 September 2010, included in the Group's trade receivable balances are trade receivables with aggregate carrying amount of HK$12,908,000 (2009: HK$3,024,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as 100% of these past due debts were subsequently collected as of the date of these financial statements. The Group does not hold any collateral over these balances.

17. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	2010 HK$'000	2009 HK$'000
1 to 30 days	9,384	—
31 to 60 days	2,593	225
61 to 90 days	817	1,213
91 to 180 days	114	1,361
181 to 365 days	—	225
	12,908	3,024

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.

	2010 HK$'000	2009 HK$'000
New Taiwan dollar	4,253	3,937
United States dollar	43,026	24,374
Renminbi	14,348	14,789
	61,627	43,100

18. 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 at the prevailing market interest rate ranging from 0.01% to 2.25% per annum at 30 September 2010 (2009: 0.001% to 3.88%). Pledged/restricted bank deposits are to secure certain bank overdrafts and short-term bank loans and are therefore classified as current assets.

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.

	2010	2009
	HK$'000	HK$'000
Renminbi	**4,782**	21,931
United States dollar	**24,145**	12,563
	28,927	34,494

19. TRADE AND OTHER PAYABLES

	2010	2009
	HK$'000	HK$'000
Trade payables	**32,496**	20,400
Bills payables — secured	**5,594**	7,923
	38,090	28,323
Customers' deposits received	**159**	305
PRC business tax payable	**1,700**	4,146
Accruals	**5,001**	2,068
Others	**2,095**	119
	47,045	34,961

19. TRADE AND OTHER PAYABLES *(Continued)*

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:

	2010 **HK$'000**	2009 HK$'000
0 to 30 days	**20,922**	10,676
31 to 60 days	**14,567**	9,751
61 to 90 days	**2,535**	7,296
91 to 180 days	**66**	600
	38,090	28,323

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

	2010 **HK$'000**	2009 HK$'000
Renminbi	**19,593**	14,982
United States dollar	**9,985**	6,277
Euro	**5,831**	2,452
New Taiwan dollar	**4,488**	2,266
	39,897	25,977

20. SECURED LONG-TERM BANK LOANS

The bank loans are repayable as follows:

	2010 HK$'000	2009 HK$'000
Within one year	**5,037**	3,150
Between one to two years	**—**	796
Between two to five years	**—**	687
	5,037	4,633
Less: Amounts due within one year shown under current liabilities	**5,037**	3,150
	—	1,483

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 2010, the Group has variable rate bank loans carry interest at 3.25% to 4.00% (2009: 3.25% to 6.00%) per annum.

At 30 September 2010, the Group has available credit facilities amounting to HK$64,296,000 (2009: HK$82,673,000).

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

21. SECURED SHORT-TERM BANK LOANS

The short-term bank 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 2010, the Group's short-term bank loans carry interest at 5.31% to 6.50% (2009: 5.10% to 5.31%) per annum.

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

	2010 HK$'000	2009 HK$'000
Renminbi	**9,845**	13,053

22. BANK OVERDRAFTS — SECURED

At 30 September 2010, bank overdrafts carry interest at the market rate of 5.6% (2009: ranged from 5.25% to 6.00%) per annum.

23. 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 2008	—	1,094	1,094
Charged (credited) to profit or loss during the year	1,463	(449)	1,014
At 30 September 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

Also, at 30 September 2010, the Group has tax losses of HK$9,043,000 (2009: HK$11,047,000) 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:

	2010 **HK$'000**	2009 HK$'000
Tax losses expired in		
— 2009	**—**	350
— 2010	**—**	1,583
— 2011	**1,437**	3,387
— 2012	**4,403**	4,403
— 2013	**59**	59
— 2014	**3,144**	1,265
	9,043	11,047

24. 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	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	500,000,000	5,000

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

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

(i) the authorised share capital of the Company was increased from HK$380,000 to HK$50,000,000 by the creation of an additional 4,962,000,000 shares of HK$0.01 each to rank pari passu with the existing shares in all respects; and

24. SHARE CAPITAL *(Continued)*

(ii) the share premium account was credited as a result of the issue of the shares by the Company pursuant to the listing of the Company's shares, an amount of HK$3,749,980 which was then be standing to the credit of the share premium account of the Company be capitalised and applied to pay up in full at par a total of 374,998,000 shares of HK$0.01 each for allotment and issue to holders of shares whose names appeared on the register of members of the Company at the close of business on 26 March 2010 in proportion.

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

The paid-in capital of the Group at 1 October 2008 represented the fully paid registered capital of ISH and share capital of Benino, Bracorp, Great Oasis and Keen Castle.

The share capital of the Group at 30 September 2009 represented the then issued and fully paid share capital of Keen Castle.

25. 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.

25. SHARE OPTION SCHEME *(Continued)*

Options granted must be accepted by an eligible person within 21 business days from the date of grant, provided that such date shall not be more than 10 years after the date of adoption of the Option Scheme. A consideration of HK$1 is payable on acceptance. An option may be exercised in whole or in part by the grantee (or his legal personal representatives) at any time before the expiry of the period to be determined and notified by the board of directors to the grantee which in any event shall not be longer than 10 years commencing on the date of the offer letter and expiring on the last day of such ten-year period subject to the provisions for early termination as contained in the Option Scheme. The exercise price is determined by the directors of the Company, and will be at least the highest of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's share 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 ended 30 September 2010 and as at 30 September 2010, no share options were granted nor exercised by the Company.

26. MAJOR NON-CASH TRANSACTION

During the year ended 30 September 2009, dividends of HK$24,588,000 were settled through the current account with a director.

27. OPERATING LEASE ARRANGEMENTS

The Group as lessee

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

	Rented premises	
	2010	2009
	HK$'000	HK$'000
Within one year	**1,914**	887
In the second to fifth year inclusive	**3,813**	2,399
After five years	**3,479**	4,012
	9,206	7,298

	Motor vehicles	
	2010	2009
	HK$'000	HK$'000
Within one year	**135**	853

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

The Group as lessor

	2010	2009
	HK$'000	HK$'000
Within one year	**935**	476
In the second to fifth year inclusive	**433**	49
	1,368	525

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

28. CAPITAL COMMITMENTS

	2010 **HK$'000**	2009 HK$'000
Capital expenditure authorised but not contracted for in respect of the acquisition of property, plant and equipment	**34,478**	—
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment	**6,195**	382

29. RETIREMENT BENEFITS SCHEME

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

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

30. RELATED PARTY TRANSACTIONS

During the year ended 30 September 2010, the Group entered into a rental agreement with Mr. Ieong Un, a director of the Company, to lease a property from him for a term of 3 years with a monthly rental of RMB60,000. In 2010, the Group paid property rentals of HK$571,000 in total (2009: HK$30,000) to Mr. Ieong Un. Also, the Group received property rentals in aggregate of HK$61,000 (2009: Nil) from related companies in which Mr. Ieong Un is also a director and shareholder of the related companies.

Other than the transactions and balances with related parties disclosed above and in respective notes, at 30 September 2010 and 30 September 2009, the following bank borrowings are secured by personal guarantees from Mr. Ieong Un, a director of the Company and certain related companies owned by Mr. Ieong Un:

	2010 **HK$'000**	2009 HK$'000
Bank loans and overdrafts	**2,035**	24,481

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 9.

31. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries, all of which are wholly-owned by the Company, at the end of the reporting period 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	Attributable proportion of nominal value of issued share capital/registered capital/charter capital/ quota capital held by the Group 2010	2009	Principal activities
Benino	British Virgin Islands	Shares — US$35	**100%**	100%	Provision of research and development and technical assistance services
Bracorp	British Virgin Islands	Shares — US$100	**100%**	100%	Provision of promotion and marketing services
Vietnam Centresin	Socialist Republic of Vietnam	Charter capital — US$437,000	**100%**	100%	Processing and packaging of adhesive products
Great Oasis	British Virgin Islands	Shares — US$100	**100%**	100%	Trading of raw materials and adhesive products
Keen Castle*	British Virgin Islands	Shares — US$2,000	**100%**	100%	Investing holding
ISH	Macau	Quota capital — MOP900,000	**100%**	100%	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	**100%**	100%	Not yet commenced business
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	**100%**	100%	Manufacture of adhesive products as a wholly foreign owned enterprise
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 owned enterprise	Registered capital — US$3,360,000	**100%**	N/A	Not yet commenced business
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	**100%**	100%	Manufacture of adhesive products

* Directly held by the Company.

\# Newly set up during the year ended 30 September 2010.

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**
	HK$'000	HK$'000	HK$'000	**HK$'000**
RESULTS				
Turnover	218,127	287,808	267,579	**296,040**
Profit before taxation	20,119	29,337	32,077	**16,316**
Taxation	(224)	(753)	(1,380)	**(251)**
Profit for the year	19,895	28,584	30,697	**16,065**

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

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.